



# ***AGRICULTURE, RESOURCES AND ENVIRONMENT COMMITTEE***

**Members present:**

Mr IP Rickuss MP (Chair)  
Mr JN Costigan MP  
Mr SV Cox MP  
Mr S Knuth MP  
Ms MA Maddern MP  
Ms J Trad MP  
Mr MJ Trout MP

**Staff present:**

Mr R Hansen (Research Director)  
Mr M Gorringe (Principal Research Officer)  
Ms S McCallan (Principal Research Officer)

## **PUBLIC BRIEFING—EXAMINATION OF THE PROTECTION OF PRIME AGRICULTURAL LAND AND OTHER LAND FROM COAL SEAM GAS MINING BILL 2013**

### **TRANSCRIPT OF PROCEEDINGS**

**WEDNESDAY, 16 OCTOBER 2013**

**Brisbane**

## WEDNESDAY, 16 OCTOBER 2013

Committee met at 9.20 am

### HOPPER, Mr Ray, Member for Condamine

**CHAIR:** Ladies and gentlemen, thank you very much for coming along this morning. I declare the meeting of the Agriculture, Resources and Environment Committee open. I would like to acknowledge the traditional owners of the land on which this meeting is taking place today. I am Ian Rickuss, member for Lockyer and chair of the committee. The other members are: Jason Costigan, Shane Knuth, Anne Maddern, Sam Cox, Michael Trout and Jackie Trad, the deputy chair, who will return in a moment. Please note that the committee will be broadcast live via the parliamentary website and the proceedings will be recorded by Hansard. The purpose of this meeting is to assist the committee in our examination of the Protection of Prime Agricultural Land and Other Land from Coal Seam Gas Mining Bill 2013. We will begin today's briefing with Mr Ray Hopper, member for Condamine, who introduced the bill. That will be followed by a short oral briefing by officers of the Department of State Development, Infrastructure and Planning to explain the existing legislation and policies of the current government that are relevant to the bill. I remind honourable members that officers providing briefings today are here to provide factual information, not to give opinions on the merits or otherwise of the policy behind the bills or alternative approaches. Before we start can we please ensure that all phones are switched to silent. Welcome, Ray. Would you like to start?

**Mr Hopper:** Thank you very much, member for Lockyer and chair of the committee, and guests here today. Let me start by saying that I would ask the committee to please look at this very seriously from a bipartisan point of view. Let us put politics aside and let us examine this legislation that I am trying to put in place. I will explain to you the reason that I have put this legislation in place to come before the House. I was first elected in 2001 to the seat of Darling Downs. At that stage Arrow Energy was just cranking up with coal seam gas. In the first probably two months of my term I went and had a look at what was happening. There were coal seam gas ponds. They had Honda motors running from the gas that was being extracted from the pond, pumping the water through evaporation pipes that sprayed mist into the air. The trees actually had a white coating on them right around the ponds from the salt on the trees. A lot of the holes were drilled. Where the water had run the grass was dead and the trees were dead within that vicinity. So I immediately started to worry about exactly what was happening in the industry.

Stephen Robertson at the time was the minister for natural resources. We did a lot of work with Stephen Robertson. To the credit of both sides of government, they have certainly cleaned the industry up and put things in place that make the laws that the industry has to abide by to look after the environment. Since then I have taken pretty well every minister to do with this industry into my electorate to have a look firsthand at the impacts of coal seam gas and what coal seam gas would do if it was ever allowed on the prime agriculture land not only in my electorate but in the whole of Queensland which is currently going to be mapped as strategic cropping land by this government—to its credit. However, in the mapping of strategic cropping land I see nothing that will prohibit coal seam gas. When strategic cropping land is put in place by this government, I believe that they believe that coal seam gas and strategic cropping land can co-exist. I simply do not believe it possibly can.

The committee came to my electorate. I was extremely disappointed in the committee. I was not invited. I had a letter sent to my office advising me that you were coming to my electorate. If you had invited me I could have given you a hands-on absolute look at the industry. I am extremely disappointed that I was not able to do that. I am also an elected member of the Legislative Assembly, the same as each and every one of you. I believe the committee missed a great opportunity that day. Only two weeks ago I went to the area of Ducklo about 20 kilometres west of Dalby. It is in the electorate of Warrego out over the Condamine River. There are four people there who have been diagnosed with pancreatic cancer living within four kilometres of a coal seam gas pond. I met with one man who has eight weeks left to live and just sat on his veranda. There would have been probably 20 or 30 trucks go past in the half an hour I was there. There was a continual thumping on the veranda from the drilling of coal seam gas. The impact that it has in an area could never possibly co-exist on prime agricultural land—full stop. That is the reason I have put this bill in place. I am very, very concerned if ever this is allowed.

Public Briefing—Examination of the Protection of Prime Agricultural Land and Other Land from Coal Seam Gas Mining Bill 2013

Yes, there may be things in the bill that are not correct. I had my staff taken from me. We have no staff to help us, being a backbencher, and so if I have to put amendments in place I will. I believe this will bring this to a head. Someone has had to do this. I have had the intestinal fortitude to take this on.

I am also extremely concerned about the underground water with the coal seam gas industry. The Hillier report said that there is definitely connectivity between water aquifers in the coal seam gas industry. That is of great concern to me because we have the Condamine Alluvium, which the town of Dalby sits above and it is a very, very shallow water aquifer. If we ever lose that aquifer—we may not lose it in our lifetime, but if that aquifer goes, generations to come will never have the use of that water. That land east of the Condamine River can grow small crops if ever there is a world shortage of food. You certainly will not grow small crops with a coal seam gas industry impacting upon country like that. I believe it is some of the nicest country, the richest prime agricultural land in the world. Most of my electorate is covered by this land.

I will just go through the bill quickly and then open it up for questions. I will not read the explanatory notes. I will start with the purposes and the application of the act—

The purposes of this Act are to—

- (a) protect certain land, in particular Queensland's prime agricultural land, from the destructive effects of coal seam gas exploration and mining, and activities associated with coal seam gas exploration and mining; I am not stopping coal seam gas mining, I am stopping it on prime agricultural land which will come under this government's mapping of strategic cropping land.

A further purpose of the act is to—

- (B) preserve the productive capacity of Queensland's agricultural land for future generations.

How will we achieve these purposes? It identifies land that is to be protected under this bill. It prohibits the carrying out on that land of coal seam gas exploration or mining. So that is even no exploration. I went out to Jimbour and watched them drilling for coal seam gas and coal. At one of the sites there was probably a two and a half foot ditch from the truck tyre wheels where the truck drove in to drill. They established themselves on the pad and when they left they left a very minimal impact. Some of those farmers do not even ride a motorbike on that country. This is the sort of country that we are talking about in this bill. The bill further provides—

- (1) This Act binds all persons including the State and, to the extent the legislative power of the Parliament permits, the Commonwealth and the other States.
- (2) However, the Commonwealth or a State can not be prosecuted for an offence against this Act.

And further—

This Act applies despite any other Act.

This act will overrule any current act that is in place. If there is an inconsistency between a provision of this act and a provision of another act, the provision of this act will prevail. That is pretty commonsense stuff. Going to the meaning of coal seam gas activity, that pretty well sums itself up. It is exploring for coal seam gas, evaluating the feasibility of producing coal seam gas, testing for the production of coal seam gas and extracting, mining for or producing coal seam gas. Pretty well anything to do with coal seam gas is out in what I am trying to describe in this place. It is the mining and using incidental coal seam gas within the meaning of the Mineral Resources Act 1989 and investigating or surveying the potential suitability of land for the construction and operation of a pipeline

What a lot of people do not realise is that when a coal seam gas well is drilled the gas has to go somewhere—it goes into a spider web network of pipes. Every well has to connect. Then all of those pipes have to connect to a main pipeline to shift the gas. The infrastructure involved in this industry is absolutely immense. When you dig up that blacksoil plain country, it probably takes four or five years for it to properly settle. So if someone puts a pipeline through that flood irrigated country, you will have a ditch which will take the water away in another direction and cause erosion. CSG activity is simply incompatible and cannot co-exist with our prime agricultural land. The last CSG activity listed under section 7 is 'anything necessary for, or incidental to, an activity mentioned in paragraphs (a) to (g)'. So it is completely out.

Section 8 deals with the meaning of 'protected land'. 'Protected land' means excluded land and prime agricultural land. 'Excluded land' in this bill—and I have tried to describe it as best I can—means all land east of the Condamine River between 'a line running lengthwise, directly through the Chinchilla Post Office, to the east coast of Queensland'. So that is a longitudinal line from the east coast running through the Chinchilla Post Office to the Condamine River. Any country east of that is out. The reason I have done that is that the Jimbour Plain and all that country

between Jandowae and Chinchilla is all prime agricultural land. Then from Dalby to the east of Toowoomba is, I believe, the most magnificent country in the world. So that will also look after the heavily inhabited areas of the Scenic Rim and the Lockyer Valley.

If this bill is not passed, we may see coal seam gas activity in the Lockyer Valley. God help us if the lettuce capital of the world ever had that industry in that small crop country. It simply could not exist full stop. So that is why I have described 'excluded land' as covering those areas. West of the Condamine River you start running into what we call goanna country. Apart from the water issue, if coal seam gas were to be extracted, a lot of that country is the place for that to happen if you can prove that it would not affect the underground aquifers. So that is the natural line that separates the prime agricultural land and then the country gets worse from there. Also included in this bill is strategic cropping land, which will be mapped and is being mapped at this stage by this government. As I said before, I am very concerned because under the Strategic Cropping Land Act I think coal seam gas activity will still be allowed. Section 8 continues—

- (3) **Prime agricultural land** means land, other than excluded land, that is an area shown, immediately before this section commences ...
- (4) To remove any doubt, it is declared that it does not matter for subsections (2) and (3) whether the land—
  - (a) has a required cropping history ...

The reason I put this in is that there is a lot of prime agricultural land that is under grazing at the moment. There is a lot of land that is not being used for agriculture; it is being used for grazing. However, once you put a tractor and a plough on the land, find water and irrigate it then you have prime agricultural land. So that land hopefully will also be mapped as strategic cropping land. There are then some definitions listed that are in the Strategic Cropping Land Act.

Part 4 deals with protected land. Section 9 states—

#### **9 Offence to carry out CSG activity on protected land**

A person must not carry out, or attempt to carry out, a CSG activity on protected land.

The maximum penalty—10000 penalty units or 5 years imprisonment.

The reason I have made that penalty so high is that for some mining companies money is nothing. They would sooner pay a fine and find out whether the resources are there or not. So we put a decent fine in place as a deterrent so that this cannot happen full stop.

In terms of liability, how do you make a company liable? Someone has to be held accountable. So what I have done is make the executive officer of the corporation the person who has to be held accountable. People come and go in companies and companies fold up. But if you put that penalty in place for someone who is right there and then at that stage, that is the deterrent. So the person running that company is the one that would be charged with an offence. That is the reason I have made the CEOs liable under this legislation. This section is pretty self-explanatory. It states—

- (1) An executive officer of a corporation commits an offence—
  - (a) the corporation commits an offence against section 9—

which is the offence to carry out coal seam gas activity and—

- (b) the officer did not take all reasonable steps to ensure the corporation did not engage in the conduct constituting the offence against section 9.

The maximum penalty again is the same as for section 9. I probably will not talk much more on this. The rest of the provisions are about whether you commit an offence and the liability of corporations. We all know what an executive officer of a corporation means. The bill states under section 10(5)—

**executive officer**, of a corporation, means a person who is concerned with or takes part in its management, whether or not the person is a director or the person's position is given the name of executive officer.

Section 11 talks about no compensation except as provided in section 14(3), which states—

- (3) the executive officer may be proceeded against for, and convicted of, an offence against subsection (1) whether or not the corporation has been proceeded against for, or convicted of, the offence against section 9.

Section 11 continues—

... no amount, whether by way of compensation, reimbursement or otherwise, is payable by the State to any person for or in connection with the enactment or operation of this Act.

Part 6 deals with transitional provisions. We all know what 'commencement' means. Section 13 deals with existing petroleum tenures. This is saying that, if there is a tenure there now, under this legislation that tenure will stop immediately. If it is on prime agricultural land, they can stop. We are going to do something and protect our prime agricultural land and lock up this area. They then 'must take all reasonable steps to restore, to the extent possible, the land to the condition it was in before CSG activity started' on that land. So that means that, if they have evaporation ponds and they have to stop drilling, those ponds would have to be dealt with. The water would have to be taken away and those ponds would have to be filled in and the land put back to its natural state. This bill is fair dinkum about stopping coal seam gas activity on prime agricultural land in the south-east corner of Queensland. There are plenty of other areas within Queensland where this activity can take place if it is not going to affect the underground water aquifers.

The last section of the bill deals with existing applications for petroleum tenure. That application would be withdrawn immediately under this legislation. That would mean that Arrow Energy would not be allowed to drill on that blacksoil plain at Cecil Plains, because I think about 70 per cent of the gas reserve in that tenure is right on top of prime agricultural land. They need to drill there to fill the quota that they want to take from that area. That is where the profit is—on the prime agricultural land.

In summing-up, I will state once again that I simply do not believe that coal seam gas activity can co-exist with prime agricultural land. It is just not how it is at the moment. The only possible way it could be done is if they prove that it did not affect the underground water and you had directional drilling for kilometres. So you would have the one pad and put directional drilling in under the ground where it would have no impact on the surface. That technology is coming, but at the moment this legislation has to be put in place to stop the likes of Arrow Energy from coming in and destroying that country east of the Condamine River between Dalby and Toowoomba and Cecil Plains. That is my presentation. I am happy to take any questions.

**CHAIR:** Thanks very much, Ray, for that informal presentation. I have a couple of small issues. We did write to you, as you said, on 18 June about a visit we were going to undertake out there. I do not think in any way did we not expect you to respond to us. We asked you to contact us if you had any issues. We will let that ride as such. Are there any questions?

**Mr KNUTH:** Ray, I note your passion and I can understand it in relation to protecting this area. It amazes me too when you look at the big mining companies and the massive revenue that can be raised. Likewise, a lot of this gas will be exported overseas and it is very important—and the government may want to look at this—to ensure that the shareholders get their fair share. As I have seen over the years, the farmers are continually being kicked in the guts. Do you look at this and ask: why bother? Why are you doing this?

**Mr Hopper:** The reason I am doing this is that that country can grow small crops for thousands of years to come. So why would we sacrifice it for 30 years of wealth in our generation? That is what we will be doing if we let coal seam gas activity on to the flood plain country. You will be sacrificing that prime agricultural land forever because that country can never be returned to what it is now if that activity takes place in its current form. That is why I am ruling it out full stop. That is why strategic cropping land must come under this legislation as well. Any mapped strategic cropping land must come under this legislation. Coal seam gas is a no-go zone and we can grow food for thousands of years. Why would we give it up for a contract to China? Thank you, Shane.

**Ms TRAD:** Hello, Ray. Thank you for your presentation here today. As you would be aware, the LNP state government has also lifted the moratorium on shale exploration and extraction. Is it your intention to limit this to CSG or would you also consider putting in some reference to shale, gas and oil extraction?

**CHAIR:** It is already there.

**Mr Hopper:** We do have that reference in there. Thank you, Jackie. Shale oil is covered under this legislation.

**Ms TRAD:** Sorry, I have not perused it in detail. That is good. Secondly, in relation to the leases ceasing forthwith, is there a compensation mechanism that you are putting in here?

**Mr Hopper:** I have said no compensation is allowed under this legislation. They have to pack up and go.

**Ms TRAD:** Has this bill been consulted on widely?

**Mr Hopper:** No. It has not been consulted on widely.

**Ms TRAD:** There has been no consultation.

**Mr Hopper:** No.

**Ms TRAD:** I might come back to another question.

**Mrs MADDERN:** I have a follow-up question. Have you sought any legal advice as to the no compensation issue?

**Mr Hopper:** No, I have not.

**Mrs MADDERN:** You do not think there is a possibility that these companies are going to want compensation for the work they have already done and that the people of Queensland would end up having to pay?

**Mr Hopper:** Maybe that is a possibility but what are we going to do? Are we going to allow this to keep going and lose our prime agricultural land? Someone has to make a start somewhere and that is what this legislation does. If we are faced with that in the future, we have to face it. Sometimes government has to take steps as a protection mechanism for the people of Queensland.

**Mrs MADDERN:** I believe that if you are asking us to pass this that issue needs to be addressed, and I think it would be a good idea if you could put some kind of quantum on it. Your exclusion area is a very, very large area. It is very, very broadbrush. My question is: why is it so broadbrush? I understand what you are wanting to do with Cecil Plains. Why is it such a big area? Why not have something more specific to the area, because not all of that area is prime cropping land, I am sorry to say.

**Mr Hopper:** No. That is fine.

**Mrs MADDERN:** But what you have done is exclude areas that are not prime cropping land in that broad approach. Why?

**Mr Hopper:** In answer to your question, if you have a look at the longitudinal line going from the east coast through Chinchilla, what is not prime agricultural land is some of the heaviest populated land in Queensland. So there are people everywhere and I do not believe that coal seam gas activity can survive or can co-exist in a heavily populated area. So that is why that mapping has been put in place to the extent that it has. Thank you for your question.

**CHAIR:** Do you have any idea how many coal seam gas operations are there at the moment?

**Mr Hopper:** Within this mapping area, not a lot. Most of them are west of the Condamine River. I would say there are heaps more west of the Condamine River. There are very few wells east of the Condamine River.

**Mrs MADDERN:** But you have not done any research on that.

**Mr Hopper:** I have been there. I live there. I do not have exact numbers, no, but they can be easily found.

**Mr COSTIGAN:** Do you have a rough number?

**Mr Hopper:** No. I do not have a rough number.

**Mr TROUT:** Ray, what science have you received to say that coal seam gas activity is going to destroy this land? That is the word you used—‘destroy’.

**Mr Hopper:** We had Professor Hillier do a comprehensive report on underground water with coal seam gas drilling. He has had a life in DNR and he is a leading scientist who delivered a very, very strong report. He simply believes that there is definitely connectivity. We have all seen the reports coming out of America. We have all seen that movie. I admit that the Americans can be quite charismatic. I believe that the Hillier report is definitely true science. It is very damning of the industry.

**Mr TROUT:** My second question is about prime agricultural land. There will be mapping of strategic cropping land which would take in every square inch of that land. I have an issue with prime agricultural land. In your bill you would have to have that well explained.

**Mr Hopper:** It is well explained. Thanks very much, Michael. It is well explained because the mapping of strategic cropping land under this government will be covered in this bill. This government believes coal seam gas activity may co-exist with strategic cropping land. I am saying that where the industry is at the moment it cannot possibly co-exist with strategic cropping land, and not all of that area that I have put on this map is strategic cropping land. As I said before, what is not prime agricultural land are fairly heavily populated areas.

**CHAIR:** I notice in the bill that you do not actually mention coal tenements such as New Hope at Acland.

**Mr Hopper:** If we wanted to shut down New Hope coal, the member for Maryborough just talked about compensation—

**CHAIR:** I have quite a few coalmines around Ipswich.

**Mr Hopper:** Given the number of coalmines in this area there is no state government in Australia that could pay the compensation that would be needed for that.

**Mr COX:** You say there has been no formal consultation. Can I ask why there has not been any consultation?

**Mr Hopper:** Because I have had 14 years of working with this industry in my electorate; 14 years of taking ministers and shadow ministers out to meet with the companies and farmers. I have had 14 years of consultation on my own. I did not have to meet with someone and have consultation to draft a bill.

**Mr COX:** Do you think this bill is fundamentally or legally binding?

**Mr Hopper:** That one is probably above me to answer.

**Mr COX:** You cannot answer that?

**Mr Hopper:** No, I would have to come back to you on that one.

**Mr COX:** That is fine.

**Mrs MADDERN:** If you believe that the compensation payable to the coalmines is not possible, carrying that argument a little bit further, what about compensation for the infrastructure that is already there?

**Mr Hopper:** There is not much infrastructure there. There is very little coal seam gas infrastructure there. If we do not put something in place Arrow Energy will get their tenure and they will start drilling on that prime agricultural land in the Cecil Plains area. Once they are established and they find the gas that is there then the compensation payable would be immense, we would lose our prime agricultural land, the industry would explode around that area and we would have no farmers.

**Mrs MADDERN:** I am sorry, Ray, I think you missed the point of my question. It was not what is happening in the future, but what exists there now as far as coal seam gas goes. You are basically saying that needs to come out. I am saying, if you are going to allow the coalmining to remain, in terms of compensation why not allow the coal gas seam infrastructure that is currently there to remain rather than ask them to take it out?

**Mr Hopper:** That is a very good question. I am very concerned about the Condamine alluvium. Most of the Condamine alluvium will be protected under this legislation. If we could stop the drilling that is there now I think the protection mechanism may keep that water aquifer for our grandchildren and our great-grandchildren. If there has to be some compensation paid, it can be paid now. If we let Arrow Energy and other resource companies come in and establish themselves and then we find that their operations are not going to co-exist with prime agricultural land the compensation bill would be too great for anyone. That is why this must come into place and come into place immediately.

**Ms TRAD:** I have two follow-up questions. In relation to the strategic cropping land review that the government is undertaking, are you participating in that? Is your community participating in that?

**Mr Hopper:** Yes, we have had a fair bit to do with it.

**Ms TRAD:** How are you finding the process generally?

**Mr Hopper:** I think what the government is doing is pretty good. It is actually better than I thought they would do. But what I would like to see them do is put some limitations on extraction companies in terms of strategic cropping land. It is no good identifying all the strategic cropping land and then saying coal seam gas can co-exist with that industry. Why did we identify it?

**Ms TRAD:** In relation to the GasFields Commission that has been established, have you had any contact with the GasFields Commission about this bill?

**Mr Hopper:** I have had contact with the GasFields Commission. I am yet to see some real fruits come out of the commission, to tell you the truth. They should be putting this legislation forward. This is exactly what they should be doing. I should not have to do this. The commission has been put in place. Are they yes-men for the government or are they doing something fair dinkum like what is contain in this bill we are considering?

**Ms TRAD:** Just to get a handle on it, have people from your community put in submissions to the GasFields Commission in relation to extraction of CSG?

**Mr Hopper:** I am not sure.

**Mr KNUTH:** Our committee visited the Condamine area. You talked about the Condamine alluvium area. We put a question to the council and they suggested that if there is an area to be protected it would be the Condamine alluvium area. Likewise, it is the same sort of feeling amongst the farmers we met with. They were very concerned. This bill is very broad. I understand where you are coming from with this bill. Is there some way you can say to the committee, 'Do not shut this out altogether.' What are some of reasons that have been put forward for this legislation—and I refer to the legality and compensation side of it? We must fight tooth and nail to protect the Condamine alluvium area.

**Mr Hopper:** Thank you very much for your question. That is another very good question. One reason I have had to put this legislation forward at this stage is that if tenure is granted to Arrow Energy the wells that they will put in place will be right in the middle of the Condamine alluvium area and in the middle of the flood plain at Cecil Plains. If we get an inch of rain one of those trucks will sink two feet deep as they are driving along. They will have to put gravel roads to every well to even look like co-existing. It is an absolute impossibility; it cannot happen. If Arrow Energy is given that tenure that will happen. That is one of the reasons I have put this forward as quickly as I possibly could.

**Mr COSTIGAN:** Thank you very much for your presentation today. What is the significance of the post office in Chinchilla? Why have you picked that landmark and not a post office somewhere else?

**Mr Hopper:** A post office is central to a town. Chinchilla is the biggest central town on the edge of the rough country, as I call it. I believe the Condamine River is a dividing line between the goanna country and the good country. If you draw a line from the coast to the town of Chinchilla that more or less captures all the prime agricultural land north and west of, let us say, Jimbour and Jandowae.

**Mr COX:** You refer to goanna land. How do you think people there feel about not being in this area and the potential for wells to come their way? Are they in your electorate?

**Mr Hopper:** It has nothing to do with electorates, I can tell you that. Half of this mapping is in the electorate of Warrego. Most of the seat of Nanango would be in this mapping. Pretty well the whole of the seat of Lockyer is too.

**Mr COX:** But is the goanna country in your electorate?

**Mr Hopper:** I have some goanna country, as I call in, in my electorate. People who own that country make a good living off that country. But when you compare it to that prime agricultural land around Cecil Plains, it is not nearly the country that that is.

**CHAIR:** Do you feel that some of this could be disadvantaging some of the growers? I have dealt with growers for a long time. You are never going to get consensus across an area. Do you feel some growers could feel disadvantaged if they do not get the revenue that could come from the coal seam gas wells?

**Mr Hopper:** I have not found one person in this area wanting revenue from coal seam gas wells—not one. I have seen plenty of areas west of Chinchilla where farmers are getting compensated and are co-existing with the coal seam gas industry.

**Mrs MADDERN:** You look at the land and you say, 'This is prime agricultural land.' That is fair enough. I understand it. I have seen it myself. I was wondering whether you have actually done any scientific work to identify what you believe is prime agricultural land, be its capacity to produce so many tonnes of this, that or something else, the quality of the soil or the chemical construction of the soil et cetera? It seems to me that this is such a broad-brush approach. Your real concern is about prime agricultural land. I am just wondering whether you cannot identify that prime agricultural land much more succinctly using some kind of scientific basis. Someone can go out and do some calculations and say, 'This is prime agricultural land. This is excluded. But that land over there does not produce to the same capacity, does not have the same soil structure or chemical structure. It might look the same on the surface but it is okay to go ahead here.'



**Mr Hopper:** It has been done 30 years ago. The DPI did it 30 years ago. The strategic cropping land maps we have now were drawn up 30 years ago based on scientific evidence. They were produced by DPI and DNR. This government is actually expanding strategic cropping land. All that scientific evidence is there. If you have a look at the strategic cropping land map you will see that the electorate of Condamine is nearly 100 per cent strategic cropping land.

**Mr KNUTH:** You mentioned the area west of Chinchilla and the fact that those property owners are happy to accept a certain amount of payment. I do not know that area very well. I do know that in the Dalby region the blocks are much smaller. Those blocks are much bigger is that right so the impact—

**Mr Hopper:** The country starts to expand as you get out there.

**Mr KNUTH:** So the area that you have drawn up in the strategic cropping area—west of Chinchilla south down to Dalby and towards the Condamine alluvium area—is basically small farm area. Obviously there is going to be a much greater impact.

**Mr Hopper:** That is a very good question. As you come further east to the Lockyer Valley we have farmers there making a good living on 50, 60, 70 acres. You can imagine what the coal seam gas industry would do if it ever got into that area. Member for Lockyer, you would have to agree. The farms are too small for that to happen. Around the Cecil Plains area I suppose the average would be 660 acres. Most of them are probably 660 to 1,200 acres. When you get to Chinchilla you get into thousands of acres.

**CHAIR:** I have a follow-up question. What sort of holdings do the coal seam gas companies like Arrow have in the tenement that you are talking about?

**Mr Hopper:** That is a very good question. I know that some people who contract for Arrow Energy have bought properties in that Cecil Plains area. So it would be very hard for them to say no to Arrow Energy if Arrow Energy want to drill. As a matter of fact, Arrow Energy is test drilling on some of those properties that have been purchased. I do not know if Arrow Energy actually owns any of them themselves. It is a very good question. I am happy to do some research in that area.

**CHAIR:** Thank you very much for that, Ray. We are now going to have a briefing by the Department of State Development, Infrastructure and Planning.

**Mr Hopper:** Can I sit and listen to briefing?

**CHAIR:** Yes.

**Mr Hopper:** I thank members of the committee.

**BIRD, Mr Dennis, Executive Director, Industry Development, Department of State Development, Infrastructure and Planning**

**HARMER, Mr David, Policy Manager, Organisational Support and Reform, Department of State Development, Infrastructure and Planning**

**THOMAS, Ms Jane, Senior Project Officer, Department of State Development, Infrastructure and Planning**

**WILLIAMS, Ms Kylie, Executive Director, Regional Planning, Department of State Development, Infrastructure and Planning**

**CHAIR:** Thank you Dennis and your team for coming in today. Would you like to lead off with a brief statement?

**Mr Bird:** Thank you. I will introduce the people here and tell you what we are going to talk about this morning. I am going to go through the economic impacts of this bill. I will be talking about the GasFields Commission and the Royalties for the Region program. They are the areas covered by our section of the department. Kylie can talk about the plans of the government in terms of regional planning for this particular area and answer questions on those things.

If the committee is after specialist advice in terms of the environmental impact or the water impact, then I would recommend that the appropriate departments be called in such as DNRM or the Agency for Environmental Protection. In evaluating the potential socioeconomic impact of the bill, we have assumed that the protected area in section 8 of the bill is defined by where the Balonne River meets the Queensland-New South Wales border. As the Condamine River does not officially meet that border, we assume the area to which the act applies would be further clarified during drafting, but that is the basis on which we have done our analysis.

The CSG-LNG industry is a crucial driver of the Queensland economy. I think that has been quite clear for some time. It is expected to contribute over \$3 billion in gross state product and provide over \$850 million in royalties annually. Employment in the industry has now reached approximately 30,000 people. In the Darling Downs and south-west region the CSG-LNG industry has delivered 8,000 direct and indirect jobs. Bechtel, the engineering procurement and construction contractor for all three LNG projects in Gladstone, reports that of the 10,000 people working there at the moment 88 per cent are Queenslanders and nearly 50 per cent are local workers. There are currently three CSG-LNG projects under construction. They are worth \$63.2 billion and will produce 25.3 million tonnes of LNG ready for export from mid-2014 through to 2016. These are the biggest projects that Queensland has ever seen.

As of May 2013, the three projects have spent \$30.9 billion, of which \$20.5 billion has been spent on local Queensland based firms. A Queensland Resources Council report on the Queensland economy for 2011-12 identifies that the CSG-LNG industry has brought to the Darling Downs and south-west region in total \$646 million in direct spending and about \$1.17 billion in indirect spending. The gas industry has also committed over \$550 million towards regional towns through social investment in roads, housing, services and Indigenous employment. Higher unemployment and reduction in gross regional product and a loss of revenue for the state would be just some of the impacts from any potential closing down of some or all of the industry within the protected land areas. Whilst it is acknowledged that the areas outlined in the bill do not cover the full extent of CSG projects, the loss of tenements within a protected area will undoubtedly reduce the capacity of the CSG companies to meet the terms of their contracts.

The cessation of CSG activities within protected land also raises the issue of government's sovereign risk. As far as it can be ascertained, there are no examples of the government cancelling or rescinding a petroleum lease for an operational and compliant resources project. It has never happened before that we can find. The retrospective cancelling of petroleum leases is certain to be the subject of legal challenge and, irrespective of the outcome of any appeal, the effect of this bill will be immeasurable damage to Queensland's investment reputation and sovereign risk.

As mentioned, the CSG-LNG industry will provide over \$850 million in royalties annually. The Queensland government is ensuring the money is put to beneficial use and is giving it back to regional communities through the Royalties for the Regions initiative. The program will invest \$495 million over a four-year period in new and improved community infrastructure, roads and flood plains security projects that benefit those who live, work and invest in our resource regions.

Under round 1 of the Royalties for the Regions, 18 successful projects across six local government areas were announced with a combined value of over \$49 million. Maranoa Regional Council had four projects approved to the value of over \$12 million including \$5 million for the critical Roma flood mitigation levy. Western Downs Regional Council had nine projects approved for total funding of \$7.5 million. Royalties from the industry ensure that regional Queenslanders, especially those in regional communities, receive real, long-term benefits through investment in critical infrastructure.

Improved co-existence between regional landholders, regional communities and the onshore gas industry in Queensland is a high priority for the government, as demonstrated by the establishment of the GasFields Commission. Collectively, the GasFields Commission represents the diversity that exists in Queensland resources and agricultural sectors, and brings together vital knowledge and experience to help continue the Queensland government's ongoing commitment to regional communities. The GasFields Commission is now well established, with status in the broader community and an independent broker of information to regional communities, and is addressing many community issues in relation to the onshore gas industry. That is all I want to say at this stage.

**CHAIR:** Are there any other comments?

**Ms Williams:** My responsibility is to prepare a regional plan for the Darling Downs and Central Queensland regional plan areas. The basis for these plans is to provide policy responses to resolve the region's most important issues affecting its economy and liveability of its towns. The plan specifically provides direction to resolve competing state interests relating to the agriculture and resource sectors and to enable the growth potential of the region's towns. The regional plan policies aim to protect priority agricultural land uses while supporting co-existence opportunities for the resource sector. It does this by using priority agricultural areas which are identified in a plan and comprise the region's strategic areas containing highly productive agricultural land uses. Within these areas, the priority agricultural land uses are the priority land use for the area.

Priority agricultural land uses within a PAA are recognised as the primary land use and are given priority over other proposed land uses. What we call PAA co-existence criteria are being developed and they will enable compatible resource activities to co-exist with these high-value agricultural land uses within a priority agricultural area. This will enable opportunities for economic growth to ensure that the Darling Downs remains resilient, diversified and a prosperous region. The PAA co-existence criteria specifically address no material loss of land, no material impact on the continuation of a priority agricultural land use within a priority agricultural area, no material impact on overland flow that is essential for the operation of those PAAs and no material impact on the irrigation aquifers also recognised as being critical to the ongoing operation of those priority agricultural land uses.

**CHAIR:** Would anyone else like to make a comment? Thank you very much for that brief overview. I will go first to you, Kylie. You are saying that the priority agricultural area is the main goal. So it is sustainable agriculture for that area; is that what you are saying?

**Ms Williams:** The intention through the regional plan is to identify those strategic areas of the region's priority agricultural land uses which are a subset of the agricultural activities in those areas and provide protection for them and recognise them as the priority land use in those areas.

**CHAIR:** I realise that coal seam gas has a fairly small footprint but you were saying something about no loss of land. How would you try to compensate—even if it is five acres in the corner of a 500-acre paddock—for that sort of loss?

**Ms Williams:** There is recognition in this policy that there will be some impact on priority agricultural land uses. The intention is to identify the state's interest in that impact, setting a minimum impact and a maximum accessibility to that land from the resource sector. Then within that range is to manage those impacts on the priority agricultural land use which would also involve a negotiation between the landowner and the mining proponent.

**CHAIR:** I have a question for you, Dennis. You mentioned sovereign risk. Have you looked at whether there is a need to put in compensation or anything like that? Has any work been done in the department along those lines?

**Mr Bird:** We have only sought brief legal advice, and I would recommend the committee does not take my legal advice. There is no doubt there could be a constitutional challenge if you did not provide compensation to the companies if you took away their rights, particularly if they had done nothing wrong. I think that would have to be explored, but no doubt there would be a legal challenge and I think it would be quite costly for the state in the end.

**Mr COSTIGAN:** You say 'quite costly'. How costly given the infrastructure and how far down the path the industry has gone? Would you be bold enough to try to quantify that to some degree?

**Mr Bird:** Thanks for your question but I do not think I could comment on what the actual cost would be. With the mapping, in terms of what we have seen in the bill so far we have estimated there are about 496 exploration and production wells in that area. They basically cover all the CSG companies with the exception of Santos. I think Santos might have one well in that area. The others have varying numbers. I think Arrow will be the most impacted. It has not started work on its plant. But certainly there will be some impact on all the companies. As I mentioned before, the issue for the companies is that they have entered into long-term gas contracts. Any shortage or diminution in their capacity to recover gas is obviously going to impact on that. Clearly, there is a penalty that those companies would incur for not meeting those contracts.

**Mr COX:** Basically these wells can last for 20 years, I think from memory, as we went out there. Say all those 496 wells started production today, when you talk about further reductions it is 30 years worth, isn't it?

**Mr Bird:** Well, not all of them are production wells but there are 496 wells. As I say, that is an estimate. I cannot put my hand on heart and say that is desperately accurate because we have had to take the bill, we have had to map it the way it is described in the bill, and we think we have come up with a reasonable position on that and mapped strategic cropping land and tried to identify those wells that would be specifically impacted by this particular bill.

**CHAIR:** Just for your information, Ray, as I notice you stepped out, the department has just said there are 496 exploration wells. Are there any other questions?

**Mr KNUTH:** Dennis, you talked before about \$850 million of royalties. I am not sure whether that covers all of Queensland, but I presume it would. During the global financial crisis the economists more or less said that if it was not for our agricultural industry this country would be on its knees. We are looking at a \$14 billion agricultural industry in Queensland which is very important that we continue strongly to prop up. As mentioned before—and I am not sure whether you were here or not—there are areas in the Condamine, particularly the Condamine alluvium area, that are very strongly in need of protection from councils and from farmers. If you perceive a cost of legal action because of no compensation, wouldn't it be right for the department of planning in regard to the protection of these areas to whoa this up, have a good look and see what is really going on before we allow these gas companies to go in and start drilling—

**CHAIR:** You are probably starting to get into policy, Shane.

**Mr KNUTH:** You have to acknowledge the massive revenue that comes from agriculture. Wouldn't it be a good idea to say in advance, 'Okay, if there is going to be compensation let's ensure that we get ahead of it first to ensure that does not happen so we protect these very important areas from the beginning,' rather than having to say, 'Why did we do that? Now we are having to pay compensation.'

**CHAIR:** Dennis, I think Shane has strayed into government policy. It is up to you if you want to answer that question.

**Mr Bird:** If I could just answer in this way: I think, as Kylie mentioned in the introductory speech, the government is making a fairly high benchmark test for co-existence in these areas, and I think a lot of the issues you are concerned about will probably be taken into account. But I think at the end of the day the government is committed to co-existence and that is why we have established the GasFields Commission. It is why the concept of co-existence will be entered into in the regional planning area. I guess whether companies can jump through those hoops will be the test.

**CHAIR:** This might be a question to you, David. Has that policy been fairly well developed, then—the co-existence policy?

**Mr Harmer:** My role in the department is really to provide coordination of the people appearing here today. The experts who can probably best answer the question are Mr Bird and Ms Williams.

**CHAIR:** Is that co-existence policy a fair way down the track?

**Ms Williams:** The policy expressed in the regional plan has been being developed since the areas were declared in July last year and they have been discussed with the regional planning committees, who advise the Deputy Premier on the making of those plans. The plans have been through notification. The notification period has finished. We have received submissions on those plans and the policies in those plans. The government is now looking at finalising those plans based on those submissions. So it is very well developed. It has been going for 12 months.

**CHAIR:** And did you receive submissions from the Dalby council and the Western Downs and Maranoa councils? Did they make submissions?

**Ms Williams:** I cannot confirm whether we specifically received submissions from those councils. We have had ongoing conversations with those councils. So in some instances the councils did not feel it was necessary to make another formal submission through the submission period.

**CHAIR:** But you have had consultation with those councils?

**Ms Williams:** Absolutely. They are actually on the RPC, the regional planning committee.

**Mrs MADDERN:** I would like to ask you to go through a hypothetical, just so I can try to get my head around something. I understand that the policy is not finalised but, as it is at this point in time, if I have a relatively small parcel of land which is very intensively developed in terms of laser levelling and on-farm water usage recirculating around—so I guess the only ‘unutilised’ part of that block of land is actually where you drive very carefully around—if someone were to come and say, ‘I want to put a well on there,’ under the criteria I think you said—I cannot remember all the details—it would be taking up some of the land and it would be very significantly impacting on the operations of that particular parcel of land in terms of water flows and the way they actually manage that land to produce their crops, would that be a case where the landholder would be able to say no or the government would say, ‘No, that is going to have too big an impact. It is effectively going to halve the productivity of that particular block of land.’? Would that be a case where the prime use of the land would then take precedence over mining?

**Ms Williams:** The PAA co-existence criteria are still being developed, and we are consulting with both the agriculture and the resource sectors on those. What has been expressed to date is that the co-existence criteria would manage the extent of material impact and the impact on the operational activities. And if they could not demonstrate the ongoing viability of that prime agricultural activity on that land then the resource activity would not be able to go on that land. That is the intention of the—

**Mrs MADDERN:** And it would be that that ongoing viability has to be at the current level, not a reduced level?

**Ms Williams:** The current level?

**Mrs MADDERN:** For argument’s sake, if their gross income was, say, \$500,000, a mine comes on and the property is probably still economically viable at \$400,000. But to me that is a loss. That is a reduction in productive capacity of that land. So that is why I am saying ‘at the current level of viability’.

**Ms Williams:** That exact issue is still being worked through. There are obviously the provisions for compensation. We need to balance the provisions for compensation with how we manage the extent of that impact that would be considered reasonable on that land to determine how those two activities may co-exist in the area. So we are still working through that issue.

**CHAIR:** Just a supplementary to that—it might be more a DNR question—they have some fairly good technology now where they can do vertical and horizontal drilling and so on. Could that, for instance, be on the neighbouring property, taking coal seam gas out from underneath that property? You might be able to explain whether compensation would still be payable to that person who is actually not being affected or does not appear to be being affected by that.

**Ms Williams:** I cannot comment on the compensation provision, but the intention of the co-existence criteria is certainly to push resource activities to look at those alternative techniques so that we can drive that industry forward so that they do not just rest on their laurels with those resource activities but actually set the benchmark higher to make them consider how better they can respond through technology to preserve those agricultural areas for their intended use.

**CHAIR:** Do you have any comment, Dennis—where you actually do not have any solid infrastructure on your land but it is underneath your land, pumping gas out?

**Mr Bird:** I am not an expert on compensation so, again, you need to talk to the land access people in Natural Resources and Mines. But if you are not impacting on that land, the resources belong to the government. So that is basically the way it is. If you are impacting on that land then, clearly, the compensation is payable to the landholder. It is a hypothetical case. You would have to see the exact circumstances. But certainly, as Kylie mentioned, there are a range of new techniques being developed all the time and they are being developed in response to some of these co-existence issues. Directional drilling is not suitable in every circumstance—it would depend on the land itself—but certainly it is a technique. Pitless drilling, which is not having a big water pit in the middle of where you are drilling, is one of the techniques many companies currently use. Those sorts of things are being developed. So I think companies are making an attempt to develop co-existence. Certainly under the rules of the regional plan there will be some fairly strict hoops they will have to jump through.

**Mrs MADDERN:** Kylie, just to get back to you. In that strategic prime agricultural land, the negotiations would be with each individual landholder?

**Ms Williams:** Yes, and those negotiations exist now.

**Mrs MADDERN:** And they would have the capacity then to, in their individual case, refer back to the strategic cropping land and to the prime agricultural land and the conditions that are attached to that in arguing their case?

**Ms Williams:** Back to the strategic plan?

**Mrs MADDERN:** Back to the conditions this apply in that or currently apply in that plan. So the landholder can 'rely', I suppose, on what is in there in arguing the case for, on this particular property, no imprint at all, because no matter how they did it they were going to dramatically impact on the productivity of that particular patch. But it is only a small one. As I said, you may be able to negotiate with someone next door to go underneath.

**Ms Williams:** The criteria is intended to be performance based criteria to allow for individual circumstances, because obviously what happens on one farm is different from another farm. What happens in one region of that prime agricultural area and the type of agriculture they do, the type of cropping they do, is different from another activity. And the way in which they can accommodate or cannot accommodate, I suppose, a resources activity could change depending on the particular circumstances. So we are trying to provide for those opportunities for that negotiation to occur between the two parties, within the context, I suppose, of the state's interest in both of those activities and preserving that state interest.

**CHAIR:** Are these going to be sort of open-book negotiations, where the deals that are negotiated with companies are open book, so the community can see what has gone on with this, so the neighbours know what has gone on with the negotiations?

**Ms Williams:** Those negotiations, as I understand, go through the code of conduct arrangements. I am not an expert in those areas.

**Mr Bird:** I think the situation is that there is an agreement between the companies and the landholders that if a landholder wants to make their negotiations public the companies will make those public. It is up to the landholder, basically. I could be wrong—again, it is not my area of expertise—but I understand that if there is a coal seam gas agreement that will appear on the title of the land—not necessarily the amount but the fact that there is an agreement. But certainly the companies have all agreed—and the GasFields Commission has brokered this deal—that the companies will release the information if the landholder chooses to do so.

**Mr TROUT:** Kylie, with the GasFields Commission, on that prime agricultural land, do they have already extremely strict conditions to make sure we are saving the farm in the regard that you have small pads and directional drilling and that sort of thing—that potentially if you are on a 400-acre paddock they are restricted to maybe a five-acre pad or seven-acre pad?

**Ms Williams:** I cannot comment on that. That is actually legislation that is administered through the Department of Natural Resources and Mines if we are talking under the strategic cropping land legislation.

**Mrs MADDERN:** If a landholder is feeling unable to negotiate competitively, is there a capacity for the landholder to call on the GasFields Commission for some assistance, or is there somewhere they can get assistance?

**Ms Williams:** I am not aware of the GasFields Commission, but I am aware of the Department of Natural Resources and Mines having a gas facilitation unit, which landholders can call on, as I understand, to assist them in these negotiations with those resource sector interests.

**Mrs MADDERN:** Oftentimes it is a little bit unbalanced in that the resource company has access to all sorts of professional advice, whereas the landholder does what he does very well but he does not have access to that kind of professional advice to support his side of the argument.

**Mr Bird:** I think you will find—again, I would stand corrected—under the Land Access Code that the companies have to pay legal advice for the landowner in these negotiations. That is the first point. The second point is that the GasFields Commission does not have any power in this area but has intervened in a number of negotiations that I am aware of to assist the landholder understand their rights, and also the GasFields Commission has intervened with gas companies to encourage them to meet the landholder halfway, if I could put it that way.

**Mr TROUT:** Kylie, are there currently any exclusion zones in the Dalby-Condamine area? Are there currently any exclusion zones to coal seam gas at all, in any shape or form?

**Ms Williams:** Not under the regional plan. There is no regional plan for this area that does that. There is probably other legislation that may deliver that. Obviously there is the strategic cropping land legislation which has protection areas and which is around that same area and would coincide with our priority agricultural area. It has some restrictions about permanent impacts from resource activities, or from any activities, on that soil.

**Mr KNUTH:** Have there been any submissions with regard to exclusion zones?

**Ms Williams:** In response to the proposal that we have here, for the regional plans?

**Mr KNUTH:** Yes.

**Ms Williams:** Yes. In both Central Queensland and Darling Downs there have been submissions requesting that in the identified areas—the priority agricultural areas in those areas—mining activities not be permitted.

**CHAIR:** Thank you very much for that. If there are any other questions the committee will write to you at a further stage. Thank you for that. I think that was fairly informative. With that, I declare the hearing closed.

**Committee adjourned at 10.29 am**