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AGRICULTURE, RESOURCES AND ENVIRONMENT COMMITTEE

Members present:

Mr IP Rickuss MP (Chair)
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)

PUBLIC HEARING—INQUIRY INTO THE PROTECTION OF PRIME AGRICULTURAL LAND AND OTHER LAND FROM COAL SEAM GAS MINING BILL 2013

TRANSCRIPT OF PROCEEDINGS

WEDNESDAY, 20 NOVEMBER 2013

Brisbane

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Committee met at 10.00 am

CHAIR: Welcome, ladies and gentlemen. I declare this meeting of the Agriculture, Resources and Environment Committee open. Before we start, can all phones be switched off or put on silent. I would like to acknowledge the traditional owners of the land on which this meeting is taking place today. I am Ian Rickuss, the member for Lockyer and chair of the committee. The other members of the committee who are with me today are: Sam Cox, member for Thuringowa; Shane Knuth, member for Dalrymple; Anne Maddern, member for Maryborough; Michael Trout, member for Barron River; and Jackie Trad, member for South Brisbane, will be joining us shortly.

Please note that these proceedings are being broadcast live via the parliament of Queensland website. 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. The bill was introduced by the member for Condamine, Ray Hopper, who is sitting down the end there, and was subsequently referred to the committee on 7 June 2013 for examination, with a reporting deadline of 9 December 2013. We hope that the hearing today will give everyone a better understanding of the provisions in the bill. We will first hear from Mr Andrew Barger of the Queensland Resources Council.

BARGER, Mr Andrew, Director, Resources Policy, Queensland Resources Council

CHAIR: Welcome, Andrew. Thanks for coming along. Would you like to make a start?

Mr Barger: Thanks very much, Chair. I just want to precis the submission fairly briefly. But I guess at the heart of it I go back to your comments about the time frame of the bill being referred to the committee and some of the developments subsequently. Since 7 June when the bill was referred to the committee there have been some reasonably substantial developments on a couple of fronts that are relevant to this bill. We have had a review of land access provisions. The government released a six-point action plan. There has been an implementation committee that has reported back to the minister on how that is travelling. There has been a review of strategic cropping land, and the government has released a set of 12 recommendations around that. Then we have had regional planning that is much more advanced now than it was in June, with regional plans finalised for the Darling Downs and Central Queensland. So I think the recommendation of QRC is to say, given all of those developments, we now know a lot more about how the government is preparing to deal with the concerns that are raised in the bill. Our recommendation would be that the consideration of the bill be deferred until some of those fine details have been nailed down and we have a better understanding of how the existing regulatory framework deals with the concerns that are raised by the bill.

Essentially, our submission works through the bill line by line. I think the executive summary version of it would be that we would acknowledge the concerns that have motivated the bill. Like Ray Hopper, we hear a lot of concerns from landholders about co-existence—how that might be regulated and how that might be dealt with. But I guess where we differ with the conclusion that the bill has reached is that, rather than necessarily jump in to an answer that co-existence is not possible—rather than drawing lines on a map to say there can be no dual use of land in these areas—we would say that it is more important to look at the concerns and assign some values to what it is to protect. So if it is agricultural productivity, if it is closely settled areas, put some science around that, find some ways of measuring that and create a framework of explicit property rights so that you have a system of saying to landholders, ‘You have an agricultural business. It was pre-existing before there was a resource tenure awarded, so you have an absolute right to continue that agricultural business. Unless the resource tenure owner can demonstrate the ability to co-exist with your business, then they cannot come on to your property.’ So you have a system of balancing essentially three different interests that exist on any sort of patch of land.

If you look at the area that is designated in the bill as prime agricultural land, we would see three different sets of interest. So you have a particular landowner’s business interest, and they are running an agricultural business and they have an absolute right to see that business continue. You also have a shared interest between the state and the farmer in the productive capacity of that soil,

and that is where the strategic cropping land legislation was aimed at, at identifying and clarifying that state interest to say, 'There should not be alienation of that soil without a serious assessment process.' The third is the resource consideration—the resource in the QRC sense of energy and minerals but also of water and other resources. Again, there is both a public and a private interest in that. So if you take an area, say, like the Condamine alluvium, where individual landholders have water allocations that are based on that alluvium, they have a private interest in that alluvium being protected. There is also the public interest in ensuring that that water is available for future water users.

Where I would say that QRC begs to differ with the intent of the bill is that we see it putting a lot of focus on absolute protection of the farmer's business interest without necessarily creating a framework to look at the productive capacity of the soil and the state and public interest in resources. What we would see as a more sophisticated policy response would be to say, 'Can we sufficiently provide some certainty, some guarantees, for landowners around their rights to conduct their business?' Maybe the way to do that is by providing a framework of protections that also enables resource activities to co-exist and co-invest with those businesses.

So if you have opportunities for bringing water infrastructure into a region; for protecting water resources; for investing in infrastructure, skills and markets—some of the things that make agriculture productive—why would you necessarily rule that out at the front end by drawing lines on a map? Wouldn't it be better to say: 'Here is an area where agriculture has priority. It is highly productive. Here are the characteristics that determine its productivity. Here is what makes it important. Unless you can demonstrate compatibility with those values, we are not prepared to licence your activity?' So the end result may well be the same. You may well come to the conclusion, as Ray's bill does, that co-existence is not possible in some areas, but you have done it on the basis of a specific assessment and you have given proponents the case to sit down with the landholders, hear their concerns and say, 'Well, what if we invest in this way or what if the infrastructure is located in a different manner? What if we redesign the way we are looking to access the property? How would that work?' So you are creating an opportunity for conversations about economic growth rather than trying to freeze agriculture at a point in time and preclude investment in the regional and farm level growth.

So I think that is the bottom line. I am happy to go through the bill in more detail. At the high level the basis of our submission would be to say that there has been a lot of water under the bridge since the bill was introduced and I think, as the details of some of those policy discussions come to light, there will be a greater capacity to say, 'You can have protection, you can have better management of the soil, but you can also enable a future where you have investment in those agricultural businesses coming from the resource activities that co-exist underneath and around them.'

CHAIR: You mentioned regional planning and strategic cropping land and co-existence. There are still a fair few questions that need to be asked about regional planning. I have had a quick look at it. For instance, on a block of land that a resource company owns in, say, the Condamine alluvium, what has priority there? I cannot work it out from the regional planning whether the farming has priority or whether the resource company with its mineral exploration licence would have priority.

Mr Barger: You have the experts sitting behind me who are probably going to pull faces in delight at my cack-handed answer. But 'my understanding'—and that is with a heavy caveat—of the way the regional planning framework will be set up is that, like strategic cropping land, there will be maps based around land use, differing from strategic cropping land in that rather than it being soil based it will be land use based. So based on a certain list of land uses, whether it is irrigated agriculture or other high-value, high-productivity agricultural activities, those land uses will be given a priority. So there will be a clear hierarchy established in the regional plan to say, 'In this patch of country where that land use is you can only utilise your resource tenure rights if you can co-exist with that priority agricultural use.' So the way of cutting through the confusion is to create that hierarchy of land uses. So the onus is absolutely on the resource tenure holder to demonstrate that they can fit in and around that agricultural land use.

Mrs MADDERN: The bill is titled the 'Protection of Prime Agricultural Land and Other Land from Coal Seam Gas Mining Bill'. There is obviously coal and who knows what other mining of minerals there might be in the future that we do not even understand or know about at this point in time. How do you see that impacting in that area? Obviously that is going to have some kind of an impact in the area. Why coal seam gas versus coal, for instance?

Mr Barger: Thank you for the question. It is probably a reflection of the pace at which the coal seam gas industry has been developing in Ray's electorate. That has been the focus of attention and concern. The pace of development and the fact that it traditionally has not been a resource area has generated a lot of concerns. But you are right: if you were going to designate prime agricultural land and exclude it from any other consideration, you would not necessarily single out coal seam gas. You might want to preclude uranium mining, or whatever it is.

The other aspect of the question is that, if you decide there is only one possible use for an area of land, as we have done nationally with national parks, you might want to think about the management requirements that you put around that sole use so that, if you recognise that something is unique, should not be alienated and needs to be preserved, and you preclude a lot of other activities from being considered, you would want to make sure that that resource is being managed in a way that ensures its values are preserved for the future.

I get a bit concerned about the protection of prime agricultural land because you start to bring in a very complicated regime of saying, 'Once the state declares that it is interested in a patch of country—it is highly productive; it needs to be preserved—does it then create an ongoing regulatory role in providing oversight of management in the same way that we have perennial issues with national parks and weeds and all the rest of it?' Do we then need some sort of prime agricultural land inspectorate that is ensuring that we do not have erosion or inappropriate measures that are damaging the soil? So I think a much more general approach that we are starting to see emerge out of regional planning is where you say, 'At a regional scale agriculture is really important here. It has a history. It has been productive. There is infrastructure in place to make sure that it continues to be productive. How do we ensure that that is not threatened. But, beyond that, how do we ensure that the infrastructure and capability of that soil is expanded and enhanced in the future—whether it is providing water infrastructure or rail lines, roads, training facilities, research facilities—to ensure that the agricultural productivity is enhanced as well?' I think that is where regional planning is starting to go. It is a much more sophisticated growth focused approach than saying, 'Here is a patch of country that can only ever be used for cropping.'

Mr COX: From what you are saying today, you are talking about co-existence, that it is not an us or them type of thing, and through these regional plans there should be the ability to move the goal posts around in terms of what could happen. Basically what you are saying is that coal seam gas, the same as an agricultural use of land, is changing the use of that land and, as long as it is not degrading the land, for whatever reason it should be able to co-exist with farming, if it can be proven to do so. So basically farming is changing the use of that land from its natural purpose, and even farming has a lot of regulations around it—it should not be degrading the land or aquifers in any way. Coal seam gas should be able to come in and work in that same sort of framework. Is that what you are getting at?

Mr Barger: That is right. But the onus is on the new kid on the block, the resource interests, to demonstrate that they can provide that economic value without threatening the existing resource base of the region. So the question is: can you work in and around that activity?

CHAIR: I support some of your cropping-only strategy. I have seen people in my area of the Lockyer Valley, because it is a very good agricultural area, almost become impoverished farmers because they have not got water during the drought to farm, but that is all they can do with their block of land—farm it. They are not allowed to sell it into pony blocks or whatever, so it makes it very difficult. Do you have any issues about sovereignty with all of this legislation we are toying with? Are you hearing from some of your industry bodies that Queensland's sovereignty is being threatened or that their sovereignty is being threatened because of the number of changes to legislation?

Mr Barger: That is an issue that comes up frequently and particularly in the context of this bill, and our submission sort of makes the point—which is a bit smart alec—that, because of the requirement if the prime agricultural land was designated, immediately coal seam gas activity occurs there is a requirement to rehabilitate the land and remove the infrastructure. That creates a situation where, say, with the major gas pipeline into Brisbane, if you put a molecule of coal seam gas methane into it as opposed to conventional gas methane, technically you should then dig the gas well up and rehabilitate the land. I am sure that that is not the intention, but I think what it does is it highlights that risk that if you are making policy in a rush without thinking about the consequences there is a risk of unintended consequences. I am sure that the intention was not to try to turn off my gas cooker so I could not fry my eggs in the morning or have a hot shower; the intention should be around recognising agricultural land, recognising the characteristics that make it important that create a state interest and ensuring that they are not threatened by development.

In summary, there are lots of concerns about sovereignty. There are lots of concerns about the rate of change. So we are seeing regional planning develop quite quickly. It relies on changes to strategic cropping land. It relies on changes to the state planning policy. So lots and lots of change is being brought forward all at the one time, and that goes back to the QRC's recommendation that says, 'On top of all the other changes, considering this at the moment until we land some of those other things seems premature.'

Mr KNUTH: Obviously as director of resources policy with the Queensland Resources Council you would be pushing this way. Obviously you can also see that we have an agriculture industry which is a \$13 billion or \$14 billion industry that is going to go to \$12 billion or possibly \$11 billion. In that prime agricultural land area there needs to be a guarantee and a certainty of investment, knowing that what they put in they get a return on. I have a map here which shows all of the gas wells in that area. This is the prime agriculture land. Will gas last compared to agriculture? Can you not be content with your lot because we have this review about co-existence rather than protection? How long will the gas industry last compared to agriculture? Can you not be content with your lot and give this site here for agriculture so there is that certainty and they can continue to invest and grow into agriculture?

Mr Barger: Thank you for that question, and there are a couple of things in that. How long will the gas last? It depends—a really helpful answer. The geology is usually that a gas well has a production life of 15, 20 or 25 years. So at an individual well level, at the upstream scale you are probably looking at two decades. The point is that in Queensland though we have had companies spend upwards of \$80 billion building the trunk lines to get to LNG plants, so we now have a capability to export gas that we have never had before. So what that creates is a new string to Queensland's bow. We have a new capability to export gas and we are positioned fairly conveniently next to a whole lot of consumers in Asia who are desperate for an energy source. In terms of how long the gas will last, I do not think it is the case that, if we came back to this meeting in 2040, we would be saying, 'I don't know why there was all that fuss about the gas industry. They've packed up and gone away.' I think in the same way that the coal industry started up in the fifties and sixties in response to the industrialisation of Japan and Korea, we are now starting to see the gas industry provide an economic base for the state in response to the energy needs of our Asian neighbours. So I think gas is here to stay.

Your point about could we not draw a line in the map and say, 'Gas would be over here and agriculture would be over there,' is a good one. I guess my response would be that that is true to a point, but let us be very careful at where we are drawing the lines and let us be very clear about what the lines mean. So is the line never ever or is the line saying, 'Once you come into this part of the world, it's more closely settled, the soil's more productive and the production is more valuable per acre, so in that country you need to operate differently'? I think that is a different conversation from saying, 'Don't ever come here,' to saying, 'Let's have a look at why agriculture has been really successful in this part of the world and what's the argument you need to make to convince people that you can operate successfully in that part of the country?' So it is not necessarily a binary stop/go sign that you are putting up saying, 'Gas there; agriculture here.' It is a series of gradations that say that as you move closer to the Great Dividing Range you have a process of increasing agricultural productivity, increasing agricultural investment. As Ian was saying, you also have pockets where farms are no longer at an economic scale or they need injections of capital and infrastructure to realise that productivity. If you have the opportunity to run a well in the corner of a 60-hectare block for 20 years and that means that that property now has a water entitlement going forward, then going to the other part of your question about the longevity of agriculture, clearly Queensland is uniquely positioned in the same way as we are to sell energy into Asia as a clean, green food source for the growing middle class in Asia. So there is an absolute unique opportunity for us to combine both of those things—the bacon and eggs in the frypan and the energy to cook it.

Agriculture, because of its nature, is far more long term, which is why a simple economic argument about what is more valuable today—a shipload of LNG or a container of beef being exported to Indonesia—is too simple. What you need is to say, 'Can we have both? How do we stage the process so that you can manage both?' You are not threatening that ability to produce beef to produce smallgoods, but you are also enabling and saying to the resource proponents, as they move into that trickier country, that there is a serious of flags there for them in that they have to adjust the way they are operating and ensure that they are co-existing with those agricultural businesses.

CHAIR: We are a bit pushed for time.

Mr TROUT: Very quickly, if this bill were to pass, what is the council's view on the impact of our reputation as a resource investment capital area in Australia?

Mr Barger: It would be pretty dramatic. If the bill passed as enacted, because of the immediate application and the requirement for rehabilitation, you would be immediately sort of dropping the portcullis on a whole lot of really major resource developments. You would be raising questions over the ability of the state to manage its resources. So it would send a really bad signal, I think, to investors, not just now but in the future, that say that the goalposts can shift very quickly. I think what this bill does do is it creates an opportunity to say, 'Well, hang on, people in this region feel the need for reassurance about their protection and how their interests are assured,' but I do not think you need to put up a big 'Queensland's closed for business' sign and damage the state's reputation that has been hard earned over the last 40 or 50 years as a reliable investment destination.

CHAIR: We have time for a quick question from Jackie Trad, the member for South Brisbane.

Ms TRAD: Good morning, Mr Barger. Just in relation to your statement that they can co-exist—that CSG and farming on prime agricultural land can co-exist in the one location—how does the Queensland Resources Council address the issue of competing demand on underground water? We heard from the CSIRO earlier today and it is quite clear there will be a competition for the underground water source from both water users. So how does your organisation address that concern?

Mr Barger: Luckily it is mainly up to the Queensland government to address it. Sorry.

Ms TRAD: Well, what is your position?

Mr Barger: The question is a good one. It is actually the exception rather than the rule that coal seam gas and existing water users are in direct competition, and the reason for that is generally the aquifers are different and generally you have a degree of separation. So the question then becomes more this: if I am drilling through an aquifer that is being used for somebody else's water allocations, what guarantees do they have to ensure that there is not going to be interconnectivity between the coal seams, which tend to be deeper, and the productive agricultural aquifer? So that is one thing.

The CSIRO example that you mention is an exception rather than the rule. It is very unusual that irrigation or agricultural stock and domestic users are drawing water from a coal seam as an aquifer. Where that does happen, what the state has developed is quite a sophisticated system of modelling that of, essentially, make-good provisions to say, 'Okay, what are the allowable natural variations of changes in an aquifer where it becomes clear where you might be impinging on somebody else's allocation?', and in that situation there is a legislative requirement triggered to make good that water. So, again, it is back to this idea of a priority. The existing irrigation user's property rights in that aquifer have clearly been recognised and the onus is absolutely on the coal seam gas company to make sure that if they are going to affect that they, firstly, do the science to make sure that they understand how that might happen and the extent and when and, secondly, there is a provision in place that that water is replaced, so whether it is then treating that coal seam gas water and providing it to the user so that they are not affected or buying a water allocation from another source. Again, the experts from the department are behind me and are probably grimacing in agony to see me butcher their policy elegance, but the principle of a hierarchy is still there—that is, existing agricultural users have a series of regulatory guarantees that their water entitlements will not be affected.

Ms TRAD: Yes, I understand. But the depletion of an agricultural aquifer—

CHAIR: I do not think we can keep going on this. We are pushed for time.

Ms TRAD: There has been a disproportionate allocation of questions, Chair.

CHAIR: You did not want any. Thank you very much, Andrew, for giving us your time this morning. Your answers were very full and thorough.

BRIGGS, Mr Howard, Member, Soil Science Australia

BROUGH, Mr Daniel, President, Soil Science Australia

POWELL, Mr Bernie, Member, Soil Science Australia

CHAIR: Daniel, I see that you have brought Mr Howard Briggs and Mr Bernie Powell with you as well. I ask you to give us a bit of an introduction then, Daniel.

Mr Brough: Yes; thank you very much, Mr Chair. As you have noted, I have had two colleagues from Soil Science Australia come here today. Between us we have over 100 years experience in soil and land assessment and putting that into practice for land planning. I will ask them to introduce themselves and give you some information about themselves.

Mr Briggs: I am a retired person with 48 years experience in natural resource use and management as a Queensland state government employee, a Commonwealth government employee and as a consultant. I have been a member of the Australian soil science society for 48 years. I have been a major contributor to this and previous submissions to the Agriculture, Resources and Environment Committee dealing with strategic cropping lands and to other submissions to the Queensland government by the Ag Institute of Australia and the Environment Institute of Australia and New Zealand, particularly on strategic cropping land legislation and state planning policies. I have had background in the development and administration of state planning policies in Queensland and for the implementation of the Integrated Planning Act, which was the precursor to the Sustainable Planning Act. So I have had a reasonable background in regional planning. For the benefit of the member for Lockyer, I was involved in setting up the Lockyer Watershed Management Association many years ago with Fred From.

Mr Powell: I have 40 years experience as a soil scientist, centrally with the state government in the department of primary industries as it was, then Natural Resources, DERM and finally the department of science, information technology and the arts. I retired last year, but I still do a bit of soils training. It is one of my concerns that soils training in Queensland is on the decline and, in terms of implementation of this and other acts, I think that is an important consideration.

CHAIR: Thank you. Daniel, would you like to make an opening statement?

Mr Brough: Yes. I want to thank the committee for the invitation to attend here today. Soil Science Australia is a not-for-profit organisation that serves as the peak body for soil scientists in Australia. We seek to advance soil science in the professional, academic and technical fields and the Queensland branch represents some 250 members. Our members work across government departments, research organisations, universities and the private sector and we have members who work with both the agricultural and resources industries.

Soil Science Australia wishes to see a balanced resource use where our soils and their security are at the core of decision making. Securing our soils relies on five dimensions: knowing a soil's capability, which is about knowing what we have and where, and the best long-term productive use; what its current condition is, which gives us the here and now and the aspects of our short-term management; we need to understand that soils are our natural capital and they are a non-renewable resource; which leads to us the social factors about management and recognising that there are intergenerational issues; and finally there is a need for public policy and regulation to provide a safety net for all those other previous aspects.

The Queensland branch of Soil Science Australia has some concerns with the bill in its current format. We feel there is an undue focus on a single land use rather than a range of land uses that are incompatible with prime agricultural land. It also covers a limited geographic range and impacts on resource development in areas where the soil resource is not as valuable to agricultural production. We feel that more effort could be applied to separate the better cropping lands from the more marginal lands. While the bill seeks to protect prime agricultural land, it is a bit hard to apply that to a small portion of the state when there are just as significant agricultural areas outside that zone. The bill has some possible duplication with existing and possibly more effective statutory instruments, such as the upcoming regional planning changes and strategic cropping lands. The target of protection of the most productive agricultural land would lessen the burden on industry while promoting a more balanced resource use.

The goals of the bill are admirable but we think there is some significant overlap with strategic cropping lands. A possible way forward, as suggested by Andrew Barger from the Resources Council, is a refinement to the strategic cropping land and the planning regulations and implementation. Just wrapping up some of the key concerns we have, there is a lot better data that

we can use to support a balanced resource use, there are some standards of assessment that we need to ensure, and as a professional organisation we are interested in that, and a consistency of approach between the regulation and terminology. We have got prime agricultural land, strategic cropping land, good quality agricultural land—the list goes on. Also there is the limited geographic area. This bill particularly talks about the Darling Downs. There is the Central Highlands and other places that are just as agriculturally productive. Thank you, Mr Chair.

CHAIR: Thank you very much for that. I understand where you are coming from. I am pretty good friends with old Jim Gellatley. I am sure you know Jim from the Lockyer days as well. I think it is Dr Jim now, by the way. In your view, and any one of the panel can answer this, can coal seam gas mining and agricultural industries co-exist?

Mr Powell: I think they can, but it would be a very property-specific thing. It depends on the type of agriculture and the disruption to the agricultural practices that coal seam gas might contribute to and, similarly, this interaction between agricultural upper aquifers and deeper down gas producing aquifers, how they interact and any risks associated with that would very much effect it. So it depends.

Mr Brough: Yes, that is true. There is also the issue of some of the associated infrastructure with gas wells and where that sits on agricultural land so things like evaporation ponds, lots of salts, potentially contamination to the soils, sitting in the landscape. So we need to be careful about where those are in a co-existence framework.

Mr Briggs: I was at one time director of soil conservation and I put a lot of effort into strip cropping on the Downs and I am very concerned about any infrastructure that is put in that may, in fact, concentrate flows on the clay soils, but I believe if appropriate location of bores are put in, there is no diversion of flows and you can actually deal with the issues of contamination between the layers we talked about before of water, and we do not have discharge of saline water on the surface which might contaminate land—again I put a lot of effort into trying to control salinity as well in the state—provided you can meet those caveats I believe that you can have the two co-existing.

Mr KNUTH: A question for Daniel: this bill is about protecting strategic cropping land. Have you had a look to see where we can protect most of this but we may be able to allow for gas mining in a particular corner?

Mr Brough: In the bill it talked about protecting all lands within the strategic cropping land. Was that within the trigger map area or was that within the management and protection area?

Mr HOPPER: The whole state.

Mr Brough: I think there is potential for that co-existence and to work together. I think we need to protect the best soils we have and we can look at how we work in co-existence in those other areas.

Mr KNUTH: Would you be determined to protect the best soils in that area of this bill?

Mr Brough: Yes. Protection would be the way to go.

Mr Powell: Just adding to what Dan says, the main goal of Soil Science Australia is the wise management of soils for the betterment of the community and provided that goal is kept it is possible to be somewhat flexible, but that is the goal and that requires quite often a lot of science to make sure it happens.

Mr KNUTH: So not a co-existence in that area that we need to protect?

Mr Powell: Preferably I would say no, but it is just a professional opinion.

CHAIR: As an adjunct to that, with most good quality agricultural land you do have corners or blocks or bits of ridges that are not anywhere near as productive, do you not?

Mr Powell: Yes.

CHAIR: That is a point where, you are saying, some co-existence could exist on some of the best agricultural land; is that right?

Mr Powell: I agree. If you have a property which has better quality and worse quality land obviously the less higher quality land is not going to perhaps interfere with agricultural production too much and that provides that option. But again there is this definition of what it is and that is the bit where we are coming from. That needs to be done properly because there is always plenty of argument about what is good land and what is not.

CHAIR: That is an argument. I am from black soil, self-mulching country in the Lockyer, and I wouldn't give you two bob for Stanthorpe, but you can grow very nice grapes down there.

Mr Powell: That is right. There is a lot of horticultural land that does not have brilliant soils, but because of the high input systems that are used and the high investment involved from the farmer they become quite productive.

Mr COX: Mr Hopper's private member's bill from my understanding is saying no more coal seam gas, but there is coalmining able to happen. Does coalmining have any more or less environmental impacts on soils?

Mr Powell: Coalmining has potentially very severe impacts. Where you have dug the hole it is virtually irreversible because you have just got a big hole left in the ground. That is an open-cut mine. If it is underground that is a different. It is not so significant. But then there is what they do with the spoil. There are aspects of the mining legislation which require land to be rehabilitated to its former capability, but that is very rarely able to be achieved mainly because things like soil compaction is a constant problem with heavy equipment. Despite their best efforts, it is very difficult to get the land back to its original productivity.

CHAIR: Thank you very much for making time available today. It was interesting to hear your contribution. There is good agricultural land but there is other land that is very productive and would not be classed as high quality land, whether it be for early stone fruits or grapes or whatever. Quite often you need rougher country to grow those sorts of crops. Thank you very much for your time today.

STANDLEY, Dr John, Vice Chairman, Condamine Catchment Management Association

CHAIR: Welcome, Dr Standley. Thank you for making an appearance before the committee today. Would you like to open with a brief statement?

Dr Standley: What I would like to do is to read you a statement which I have prepared. I understand I am allowed about five or seven minutes for that. Then I would be very happy to answer questions and give you my card and take things from there. I have actually prepared a statement which you can have if you like later on if it could be presented.

CHAIR: Thank you.

Dr Standley: Thank you for that. Members of parliament and staff of the Agriculture, Resources and Environment Committee, it is my privilege to have the opportunity to address you in my capacity as the vice chairman of the Condamine Catchment Management Association, an organisation which is presently celebrating 21 years representing our catchment community with the capacity to achieve a sustainable future. So we are well prepared to present an independent view, noting the words 'community' and 'sustainable' in part of our brief. After some introductory comments, I will address three issues: which sources of information are influencing the government; the concerns of the farming community; and a long-term view.

If the voices of the farmers had been taken seriously I believe we wouldn't need to be here today. We are at a cross roads for the region as well as elsewhere in Queensland, including the Lockyer Valley. How has this situation arisen that brings us here today requiring us to address this bill? I am relieved to have the opportunity to address this committee which should serve as an independent committee of review. You are a very special committee in this regard. It is the only opportunity for citizens to have their voice heard. The vast majority of the people in the region believe there has been no real opportunity to present information questioning what is being presented by the resources sector and the government. Other forums have been tick-a-box consultations.

The CCMA wholeheartedly supports this bill which is a logical progression from the recognition by the LNP before the March 2012 election that agriculture is one of the four key pillars of the Queensland economy. Moreover, the purpose of statutory regional planning was to provide agricultural areas absolute protection from mining. The protected land in clause 8 of this bill before us includes key areas of highly productive agricultural land, a function of deep fertile soils, rainfall and the availability of high-quality aquifers of water suitable for irrigation, stock and domestic use.

My first thought was: which sources of information are influencing the government? A major lobby group to the state government, apart from the CSG and mining companies, is the Toowoomba and Surat Basin Enterprise. This organisation, with its office almost opposite the Toowoomba City Hall, was launched on 24 September 2012 by Premier Campbell Newman. Its chairman is John Wagner and its CEO is Shane Charles, who is also on the Gasfields Commission. It is funded by industries, plus half a million dollars annually from the ratepayers' money from the Toowoomba Regional Council, which is a major sponsor alongside the University of Queensland, and also funds from the Western Downs Regional Council and other groups. Its membership is from the resource service industries. Obviously, it is closely aligned to business development at Charlton Wellcamp and the new Toowoomba airport. The Gasfields Commission is another major influence for government.

So what hope is there for the farming community to influence the decisions when they are faced by the resource sector lobby? Normally, we would go to a council meeting but how can Toowoomba regional councillors give a balanced hearing when the councils are funding the Toowoomba and Surat Basin Enterprise? No-one's voice is heard; they are only listening to the resources sector. So this parliamentary committee that you represent is the only opportunity for concerns to be voiced.

A key independent organisation you have probably heard of is Regional Development Australia. I would expect Brian Hewitt, the CEO for Regional Development Australia, the Darling Downs and South West Inc., to address you to present a balanced view. I recommend that you contact him if you have not done so already. He has travelled widely across the region and has an excellent long-term perspective for the future and the views of the people. RDA prepared the 2013-2016 road map in annexure A, which contains a comprehensive and up-to-date analysis of the region and identifies the priorities for advocacy.

Normal avenues for discussion have been closed and debate has been stifled. The Darling Downs regional plan talks about reasonable protection of land, but the term 'reasonable' does not really protect the land from CSG mining. I could comment that the government is also in haste to provide income, so is not listening to a balanced argument.

Secondly, the concerns of the farming community: what is the situation if the bill does not pass? First of all, for farmers there is lack of security. Presently, there is no protection from urban and infrastructure development or mining and CSG enterprises. We face the loss of farmers whose predecessors farmed the land for several generations and continue to be great innovators. They put their hearts, souls and skills into the enterprise for their children and grandchildren, but now there is no guarantee of succession.

The views of landholders may be overridden, as appeared to be the situation at the Cecil Plains community meeting organised by Arrow Energy last Thursday, which I attended. Arrow Energy staff explained plans for the development beyond Cecil Plains. Those at the meeting voted overwhelmingly against the development, as they have done at previous meetings.

Farmers face the impairment of broadacre farming operations, often across laser levelled land, which is a costly but effective operation to control the overland flow of water, which will be impaired if a pattern of CSG wells, pipelines and public facilities is established.

The next and probably major point is water issues. The major concerns are centred on the possible loss of water supplies from aquifers and contamination by salts and salinity. You probably know that Cecil Plains irrigators have already had to dramatically reduce their allocations to maintain the aquifer reserves, because there is connectivity between the Condamine alluvium and the Walloon coal measures. This means that as coal seam gas water is extracted, even slow seepage may eventually drain the high quality aquifers. There is also the possibility of seepage from more saline aquifers into the better aquifers.

If a CSG camp is established by Arrow Energy in the region for up to 1,000 workers, I would like to know where the water supply will be found without depleting the aquifers. It seems the present approach by CSG companies and the government is to model the situation and monitor some bores, but more research information is required to define the parameters for the model, which is presently inadequate. If it transpires that the dewatering of aquifers is occurring and bore levels are dropping, I cannot see the companies stopping production to save the farmers.

Then there is the promise to make good by CSG companies if the bores drop or run dry. If that happens, where will the water be found? Again, I cannot see treated water being brought from a plant many miles away to replace continuously what has been lost.

Then there is the question of salt. What will happen to the large quantities of salt extracted in the CSG water? To the best of my knowledge, no satisfactory disposal system has been found so far. No commercial salt production plant is in operation. This leaves the threat of saline contamination of the environment ever present. Then, of course, there is the legacy of abandoned wells that the farmers may have to deal with. Will these questions become the asbestos of the next generation?

In the long-term view, there is hope. What legacy are we leaving for future generations? Endless problems for landholders or secure broadacre cropping and horticulture? We are considering the areas of the Darling Downs, Cecil Plains, Brookstead, Clifton, Killarney and beyond, with their very special soils. I do not have time to show you the descriptions, but they are all here in the Central Darling Downs land management manual—some nice evening reading for you.

In future, the Australian land and water supplies will become more and not less precious. Communities within the region have consistently advocated that the most productive land in the region needs to be separated from the marginal land and CSG activities should be banned on that land. The urgent need to protect agricultural areas has been highlighted by Julian Cribb in his book which describes what is happening around the world, *The Coming Famine—the global food crisis and what we can do to avoid it*. The urgent need to preserve water supplies has been written about by Colin Chartres in his book, *Out of Water—From Abundance to Scarcity and How to Solve the World's Water Problems*.

I have outlined the lobbying influences to the state government by the resources sector and some of the problems facing the farming community. The CCMA, the Condamine Catchment Management Association, represents a wider voice for those who are not heard at present. As representatives of your electorates and members of the Agriculture, Resources and Environment Committee, you will recognise the critical importance for the future of the region of passing this bill. Thank you for your time.

CHAIR: Thank you very much, Doctor, for that comprehensive introduction. How many members does the Condamine Catchment Management Association have?

Dr Standley: We probably have about 40 members.

CHAIR: Just as advice for the committee, what is your doctorate in?

Dr Standley: It is a Doctor of Chemistry from the University of Birmingham in England. Then I decided I wanted to study topical agriculture and assist agriculture in developing countries. They had a special course at the University of Queensland in 1969 where students could take some of the undergraduate topics and then specialise in tropical crop management, tropical crops or tropical pasture management. So I went for tropical crops and ended up at the South Johnstone research station, working on tropical pastures. I have been involved with the DPI and country issues in South Johnstone and then the Biloela research station. Then I became the agricultural chemist at the Queensland Wheat Research Institute, which I thoroughly enjoyed.

CHAIR: Thank you very much. Do you feel that these two industries can coexist?

Dr Standley: In certain areas I do not believe it is possible. I think the critical thing is this question of connectivity aquifers. I think where you have poorer country, more dry-land country further west, perhaps grazing country, I think there is a very good place there for CSG. It is just that with the prime agricultural land where you can have two crops a year, where you have this well-developed broadacre farming—I think 34 per cent of the agricultural production of Queensland comes from this part of the world, the Darling Downs right through to Killarney. I believe that particular area is critically important to be saved as, of course, are the Liverpool Plains in New South Wales. We have been looking at this very seriously through the Soil Science Society for several years.

Ms TRAD: Dr Standley, good morning. My name is Jackie Trad. I am the member for South Brisbane. Just in relation to your comments regarding the connectivity of aquifers, earlier today we heard from the Resources Council that any seepage from an agricultural aquifer by an aquifer being used by a CSG well would be an exception. That would be an exceptional circumstance. Would that be your assessment? Do you feel qualified to—

Dr Standley: I have had a note from John Hillier, who has done a lot of work on the Condamine alluvium. He said yes, that there is seepage. It may not be dramatic, but the point is if you continue to lose water through seepage over the years, maybe in 20 years' time you will find you have a very serious problem that can no longer be addressed. It is really being aware that seepage can occur. I have John Hillier's letter here where he mentions that the actual parameters to describe the permeability and so on for the model are not yet well defined, so they are learning as they go. I know work is being done through the OGIA and I think the University of Southern Queensland as well. If we do not have adequate information, I believe it is a mistake to proceed and then find that suddenly you have a very serious problem. Already I believe there is a farmer near Tipton who has lost his water supply. This has not been addressed.

Ms TRAD: Of course, the ability for an aquifer to replenish takes a significantly long period, doesn't it?

Dr Standley: Indeed, it does. You might say you need a few more big floods.

Mr COX: I have a quick question. John, I am Sam Cox from Thuringowa in Townsville. You said you had been in this space, I guess, with agriculture since 1970. You were saying that you had that bag from the DPI. I am from a farming background. You would have seen a lot of changes in agricultural practices over the years, where even in agriculture we have learnt we have done things wrong and we have been harming aquifers, environment and soils. Dr Stone who we had here earlier from CSIRO was saying that there are certain models and a lot of data being collected now; that agriculture has learnt. Aren't we a bit more comfortable now with the CSG that we do have data that we can use as a measuring stick, so as soon as there is a problem identified with a coexisting model we can address that quicker than what we have probably done in the past with just straight agriculture?

Dr Standley: I still think many of the questions have not been answered. I will agree that the farmers of the Cecil Plains, in particular, have been very innovative all the time. Also, there is a question with the salt in this CSG water, that is a possible source of contamination and salinity. I am not sure quite what is happening to the salt at the moment. I believe they have a concentrator plant near Chinchilla, but if you have seen the effects of salinity as I have—and I was involved in a project near Biloela, where in one paddock it took years to try to reclaim that area—once you have salt affected land or salt affected aquifers, I believe it is almost irreversible.

Mr COX: Correct. We have heard that at Dalby the amount of water that was taken out for agricultural purposes, I do not know if it was done involuntarily by the people on the farms, but there is less water being extracted from an agricultural point of view, because they have realised that aquifers have lowered up to now.

Dr Standley: Exactly. They are lower already and so allocations have been reduced. I think the Cecil Plains farmers, and I could name several of them, have had to greatly reduce their allocations. It might be by 60 per cent, is it, Ray? So already the farmers are realising that their water use is almost marginal at the moment.

Mr COX: But they have learnt that when they were taking so much before, that was not sustainable so they have lowered their amount. Again, I guess we have data to at least look at. Thank you.

Dr Standley: But there is probably a limit to the amount. You need a certain amount of water if you are going to guarantee your crops.

Mr COX: I understand fully, yes.

Mr KNUTH: Dr Standley, you mentioned before that there was a great push to support absolute protection and now it is coexistence. It is like the protection has been thrown out the door. I do not know the time period; possibly it is 30 years of gas extraction. Do you feel that it is a great risk to support 30 years of gas extraction at the expense of agriculture, especially as, at the same time that that gas is extracted, there is no gas reserve provided back for our domestic market?

Dr Standley: Exactly. Again, it is the key areas I am talking about, which is the Darling Downs in particular. I think further west, around Wandoan and Miles and so on, yes, there is a very good case for CSG extraction. But I think the risk is too great. If we have these wonderful cropping areas where you have two crops a year, you can manage those areas really well. I believe it is a risk we should not take. Also, if you are a farmer are you going to continue to invest in your property? One farmer further west did mention to me, 'I want my son to have the farm, but if my bore levels drop on my property and I no longer have water for my stock, I will have to assume that my son may not be able to farm this land if water levels drop', instead of thinking, we will develop this land, we will continue to put our hearts and souls into it for future generations.

Mr KNUTH: So basically that line that has been drawn, in your eyes, that is probably well done because it gives that certainty, it gives that security, it gives that investment and it gives that protection in the \$14 billion agricultural industry?

Dr Standley: Exactly. Also I think it gives the CSG industry clarity of just where they stand. The tragedy was that a wonderful map was drawn up in 1981 on the agricultural and pastoral potential of Queensland. Then you notice that the greatest variety of colours was actually around the Darling Downs and so on for pastures, variety of crops and reliability of crops. If only the government had then said, 'Look, these are key areas that the world needs us to maintain for agriculture and other areas are marginal. Let's mine the marginal areas. Let's have the coal seam gas mined in marginal areas.' There would be certainty for the mining industry. There would be certainty for the coal seam gas industry and certainty for the farmers so they can proceed with confidence. I think every farmer is wondering, 'What is going to happen in the future now? Can I confidently expect my family to continue to work this land and develop it?' It is a real serious mental problem. Look at the effort that many groups have put into their various rallies and so on and how many agonising nights they have spent thinking, 'We don't know where we stand.'

CHAIR: Thank you very much for that, John. It has been interesting. The committee is happy for John to table that opening statement that he made.

Dr Standley: I can email this to you or we can photocopy it.

CHAIR: We will table it now.

Dr Standley: If you would like my card, I would be very happy to help with further information.

CHAIR: Thank you.

Dr Standley: Thank you for your time. You obviously know I feel very passionately about this. I have a farming background as well. Having seen what happened in North Queensland and Central Queensland in Biloela and then the Wheat Research Institute, I am still passionate about it.

CHAIR: Thank you very much. We will have Dr Nicki Laws, Executive Member of Oakey Coal Action Alliance, on the phone.

LAWs, Dr Nicki, Executive Member, Oakey Coal Action Alliance

CHAIR: It is Ian Rickuss from the Agriculture, Resources and Environment Committee at Queensland parliament. You are actually being broadcast live on the parliamentary website. If you would like to make an introductory statement we have a room full of bureaucrats and committee members here to listen to you. Then we will ask you a few questions if that is okay.

Dr Laws: Thank you for the opportunity, firstly, to make a submission supporting this bill and for being able to speak by phone today. I guess we should thank Mr Hopper and the member for Condamine for referring this bill as well. Our group looks at this issue from a community viewpoint. The Oakey Coal Action Group is a community based group, mostly farmers from around the Oakey district, opposed to an open-cut coalmine at Acland by New Hope coal. We are mindful that our district has overlying petroleum leases across it as well as more exploration leases for coal as well. We have tried to keep informed on CSG and what is happening to neighbouring communities.

The thing about our story is that it is unique in that we are 13 years down the track of having mining of one form or another in a pre-existing agricultural economy. We are not talking about what might happen; we can speak with a fair degree of authority about what has happened in our district, the negative impacts and what has happened to small towns such as Acland, which has nearly disappeared, Jondaryan, which is really quite impacted in terms of health and living conditions, and Oakey, which we were promised would boom. The opposite has actually happened; it has really hurt our economy to have mining step into a pre-existing economy which was based on small family farms. That is our attitude. I suppose we are fairly black and white in our opposition to mining in these food bowl districts but we also have a fair amount of evidence to support that.

One thing that comes up again and again in our meetings is the concern about water impacts, and this is possibly equal in open-cut coalmining or CSG. We are a state that is currently 70 per cent drought declared and water is absolutely everything to farmers. Anything that puts our water supplies at risk is off the table. We are very concerned about the cumulative impacts of CSG and mining on the highly stressed upper Condamine aquifers around us. According to your own government papers, these aquifers are already oversubscribed a long time before full adoption of multiple CSG projects.

As we said, our district, historically, has been farmed for five to six generations. It is having a huge social impact for resource activity to come into these close-knit farming communities, and Acland is probably the worst case example of that in this country. We say our best agricultural land should be left as agricultural land and whatever its definition, whether it is strategic cropping land, class A agricultural land, which most of Acland was, or the new definitions under the Darling Downs Regional Plan, we should not be exposing it to brine and salt and bringing about impacts on its water.

Our other concern is how heavily settled a lot of these areas of the inner Darling Downs in particular are. The health and mental health impacts are particularly severe where the population is greater. Many of our members tell us and we are aware of health impacts and mental health impacts in I would say nearly 100 per cent of people who are dealing with mining companies. It was not brought up too much in this bill, but co-existence is a word that is being talked about in the new Darling Downs Regional Plan. We feel that that is not going to happen; it is a forced co-existence because it is not of mutual benefit to all parties. Rather than providing certainty or clarity as the Darling Downs Regional Plan was promised, we found the new planning scheme is actually causing greater anxiety and concern.

Our overarching comments on this bill are that it is a good start and we are happy to have it. We would like open-cut coalmining included in it. We would probably also like some of the mapping and classification of the land better defined maybe using some of those older references that our group and a few other groups mentioned as well. We are at a point in our society that we need to be thinking about ring fencing some of this really good farming land and leaving it there for future generations, not plundering it for short-term gain.

CHAIR: Thank you very much. As you explained, coalmining is not contained in this bill. Do you think there would have been the same impact if Acland had been turned into a coal seam gas area?

Dr Laws: We have talked about this in our group and I think there is more impact in terms of dust, noise and clearing of communities with an open-cut coalmine. We are very mindful of what is happening underground, too, in terms of the salt situation with CSG. Acland was an underground coalmining community to start with—very small scale. Most people farmed on top and mining was a big part of their economy. There is that sort of pre-existing land use, but what we are doing today—

and this is a message with the CSG as well—it is the scale and the speed of the rollout of these and the lack of consideration of the human element. We just say it over and over again that this is wrecking families, this is wrecking communities. I think that is happening across the Surat Basin with friends and other people that we are associating with that we know of. There has to be a line somewhere that says, 'We can't put it in this area. This is not providing certainty, high productivity for these farms or anything. This is really impacting communities.'

CHAIR: Thank you very much. I do know the Acland area fairly well. I know the Vietheers from up that way.

Dr Laws: Okay. Thanks for your time.

Mr KNUTH: Just one more question, I am looking at this and seeing an element of frustration there too. The only thing we have now is co-existence. That means there is not even a line or a strengthening of the environmental impact statement; it is going to happen whether you like it or not. What do you think about this?

Dr Laws: That is right' it is almost like the powerlessness of our communities. We are submitting all the time on these bills, inquiries and Senate inquiries. We have spent hundreds of hours to try to explain what is actually happening on the ground, yet all we are getting is a rollout of these motherhood statements about co-existence, 'You will work together', 'This is good for all,' and 'Jobs, jobs, jobs. We say, 'Come to our communities and see for yourself what it has done.' We have lost more jobs than have been gained. Again, I am getting back to open cut, but I think there is a parallel. We have lost 70 farms and because of that another 30 or 40 businesses have shut down. It is hurting. We do not feel that we are really being listened to, that there is a push to get these into our good cropping land. There really has to be a point where we say, 'Look, some of Queensland has to be off limits to this intense resource development.'

CHAIR: Thank you very much for your time. Now we will have Dr Tina Hunter.

HUNTER, Dr Tina, TC Beirne School of Law, University of Queensland

CHAIR: Thank you for making the time available this morning. As you probably realise, this is going out on the website. Would you like to state your name and make a brief opening statement?

Dr Hunter: My name is Dr Tina Hunter. I am the Director for the Centre for International Minerals and Energy Law at the University of Queensland's School of Law. I have appeared before the committee today in order to provide a legal perspective. Before I provide that, I want to give you a little bit of my background. I am a geologist. I also have academic qualifications in political science as well as information management as well as law. I have a PhD from the University of Bergen in Norway in which I looked at petroleum regulation and regulatory frameworks.

CHAIR: You have spent a fair bit of time at uni by the sound of it.

Dr Hunter: Yes, and now I am there permanently. Lucky me! What I want to do in appearing before the committee this morning is to outline some of the legal ramifications in relation to the bill but also to talk about some of the legal issues that have been raised with some of the committee this morning. Firstly, there are a couple of issues in relation to the bill that perhaps at first blush at drafting the bill may not have been thought about in terms of the wider impact.

The first thing is the issue of sovereign risk. Sovereign risk has been defined in many ways. It can also be defined in terms of fiscal risk. What I particularly want to outline is the issue in terms of investment—investment in a sense of just projects within the region but also in a broader sense. In order for security of investment to occur within any country or within any state, you need to be able to assure your investor that there is some sort of stability. One of the things that makes Australia an incredibly attractive regime for investing is political stability. Part of that political stability is stability of our laws within that political framework. So when you have a bill that appears before the parliament that says we are going to effectively stop an activity—cut it down in its tracks—it can create some nervousness within those who are wanting to invest.

This concept of what you would call sovereign risk is not new, and it is not an issue that has been only raised with this bill. In fact, there have been multiple—over 300—amendments to the Petroleum and Gas (Production and Safety) Act since its inception in 2004. As a result, there have been a lot of issues with nervousness with investment. In fact, many investors now—overseas investors in particular but also within Queensland and Australia—have come to the conclusion that at present Queensland is not a target-rich place for investment, simply because of the moving ball in relation to the framework for the legislation.

I speak to a lot of lawyers at the coalface—part of the role of the centre is working with the profession—and there has been a noted distrust of the Queensland regulatory framework for a whole range of reasons but primarily because of two things. First is the constant amendments to the PGPSA and the new MQRA program. That is a whole other story. So that is the first legal issue. It is not so much legal but it is an issue. So a government that is purporting to want to create job security and those sorts of things: the very notion of sovereign risk overlaid on top of that creates a major concern.

The second issue then becomes the actual legal consequences of taking back the petroleum leases. Most of you will have seen the movie *The Castle*. Section 51(xxvi) of the Constitution of Australia provides that there is the right to acquire property on just terms. In fact, a lease is a form of property and therefore there would be an expectation that if these leases are then taken back there would be some sort of compensation. Under state legislation there is no provision for 'on just terms'. So there is a provision for acquisition of property under our legal framework but not 'on just terms'. Again, that creates a whole range of legal issues. The first is: what do you do with these tenements, or the licence areas, in terms of taking them back? That creates a whole range of issues. Secondly, is there compensation payable? Thirdly, how much is that compensation payable? Fourthly, how do you even implement that and roll that out? So those are the legal issues that come with this bill in particular.

If it pleases the committee, I would actually like to make a couple of comments about the previous speakers and also about the legal framework in relation to particularly the issue of co-existence. Now, I am not a qualified social scientist so I cannot and will not comment on the social impact and effects of these activities. However, the team I am part of is undertaking a lot of research into the negotiation of compensation agreements. The results of that research will in fact be available earlier in the year next year, but we are seeing a lot of social effects coming out of the actual legal negotiation.

The issue of co-existence can be fraught with a lot of problems. The Strategic Cropping Land Act was supposed to address some of those issues. I can see one major flaw in the Strategic Cropping Land Act—that is, the length of time a strategic cropping land is defined. It defines strategic cropping land as 'if the impact is going to be more than 50 years then it will be protected under the act'. The problem is: most coal seam gas activities never reach that stage so therefore never qualify for this protection. I think this is one of the major concerns. I think that act itself needs revision, rather than implementing new acts. Again, relating to sovereign risk, if you want to address the core issues you would be better off looking at the acts you already have and then going down the path of reviewing them and their applicability. I would suggest that that 50 years be pegged back much earlier. Fifteen to 20 years would be much better—a generation of farming almost, for the impacts. So that is the first issue.

The second issue is about water and wells. I am not a hydrologist, though I have done some work in hydrology and my honours thesis was about marine sediments and sedimentology so I do feel somewhat qualified to address the issue of water but, more importantly, the work on wells and well integrity. With water there are a couple of issues that are raised. The first issue is the issue in relation to water use. That is a whole different issue. That is about how much water is being drawn out, and that is an issue for hydrologists. The second issue is about water contamination and underground aquifers. That issue really needs to be addressed in terms of well integrity. There is a lot of literature out there that exists, from geology and well engineering, that talks about how you can protect wells and what are the chances of wells actually being affected. In fact, there has been a major study that I am quite happy to refer the panel to. So I think there are major issues surrounding coal seam gas still in this state, but I do not think this bill addresses those issues in a logical, sequential and legally responsible manner.

CHAIR: Thank you very much for that great summation of your feelings about the bill. In terms of the data about the regulatory framework, you were saying that there is a bit of a concept about the sovereign risk starting to build up. Is that hearsay sort of data?

Dr Hunter: Anecdotal?

CHAIR: 'Anecdotal'. That's the word I am looking for.

Dr Hunter: No. There are a number of investments that have fallen over that I am aware of, and I am sure the data that is related to sovereign risk could be pegged. More importantly, Ernst & Young actually undertook a study in conjunction with the UQ Business School that actually looked at what are the impediments to investment. In fact, regulatory uncertainty accounted for 41 per cent of effects on investment. So there is some quantitative data, and we are now actually extending that study to look at the effects of that on innovation.

CHAIR: I have read Queensland's acquisition act, which is very tight. Because federal law overrules state law, would we end up in the High Court, more than likely, with acquisitions?

Dr Hunter: No. There has been a very clear differentiation. Section 109 of the Constitution says that where a state and a Commonwealth act overlap the Commonwealth act will override the state act. The way the Constitution is, that is only for Commonwealth property. It is very clear that under the peace, welfare and good government provisions of the Queensland Constitution it is a matter for Queensland. Land falls only under Queensland jurisdiction, not under Commonwealth, so there is no conflict under section 109 of the Constitution and therefore there is no overriding just-terms provision that would come in.

CHAIR: Thank you. I did not realise that. I have read the act. It does mention it. I thought the Queensland act did mention compensation, because people—

Dr Hunter: It does mention compensation—absolutely—but not 'on just terms'. What that means is, 'We can compensate you.' But what it may be worth, in terms of 'is that just and fair?'—Queensland does not necessarily have to do that. It is the same for every state. It does not mean they will not; it means there is no constitutional provision.

Mrs MADDERN: I was just going to make a bit of a comment there on compensation and the Acquisition of Land Act. I am a property valuer. The way it is perceived in the property industry is to put the person back in the same position after the event as before the event in terms of what money can do to do that. That is sort of the basis that we come from.

Dr Hunter: It is not about compensating the landowner; it is about compensating the company that has the tenements. That is a whole new issue, because those can become bookable assets. So if you have a petroleum lease over X area with X amount of coal seam gas likely to be extracted, that then becomes a value. So the question is, 'Does compensation extend to the value of the gas underneath that is possibly being extracted?' So that change is a whole new—

Mr COX: That is sort of what the lease is for—the gas underneath.

Dr Hunter: Exactly. It is not about the property value on the surface.

Mrs MADDERN: No, no. I understand that. It would be taking a present value of the right to that asset income stream, which is the way we look at it in the property—

CHAIR: In theory, we might be able to only compensate them for their expenditure.

Dr Hunter: But I think you would be looking at not just the net present value but also the future value of the gas underneath. Now, you do not know that until you start poking holes.

Ms TRAD: Dr Hunter, thank you for your submission to the committee today. I just want to talk a bit about sovereign risk. You referred to the Ernst & Young and UQ Business School report survey.

Dr Hunter: Yes. I do not have the name of it, but I can refer you to it.

Ms TRAD: Do you have an approximate time range? When did they—

Dr Hunter: It was last year.

Ms TRAD: So 2012?

Dr Hunter: So it was taken last year, and that was in response to—

CHAIR: We might get you to send a link to the committee.

Dr Hunter: I will, yes.

CHAIR: Thank you very much.

Ms TRAD: I am interested, Dr Hunter. So you said about 41 per cent of respondents—

Dr Hunter: I think the survey figures said 41 per cent feel that regulatory uncertainty creates investment issues. This follows very clearly from the Productivity Commission's report on the offshore oil and gas sector. It looked also at the issue of regulatory burden. So in 2008 or 2009 there was a Productivity Commission inquiry into regulatory burden in the offshore petroleum sector. It recommended a whole range of sweeping changes for exactly the same thing. Because the regulatory framework was impacting on activities and also on investment, there would be significant capacity to promote more investment if there was a reduction of the red tape and green tape in terms of multiple jurisdictions. So the Productivity Commission's report would also be a good place to look.

Ms TRAD: I understand from an investment point of view that might be incredibly attractive, but as politicians we have a responsibility to the whole community and not just those people who invest for resource extraction in our community. So environmental protection, ensuring longevity of the agricultural industry—all of those things are a common concern to all members of parliament, not just whether resource investment—

CHAIR: Do you have a question?

Ms TRAD: Yes, I do, thank you, Chair. Not just whether investment—

Dr Hunter: And I agree with you entirely. But I think there is a better way in which to approach these issues, and I would suggest that the first stop is looking at the Strategic Cropping Land Act. I think many of the issues that face communities need to be addressed with protection of their cropping land.

Ms TRAD: And this is what this bill does.

Dr Hunter: The concern that I have with the bill is the all-or-nothing approach. The complete ban will cause—what's the word? The activity is going to progress, and we have seen in a lot of other communities, around Roma and those sorts of areas, that these activities are causing a lot of dislocation, a lot of issues. The concern is, 'What do the communities get out of this?' and that is a major concern. You put on top the agricultural farming land that needs to be protected—and I agree wholeheartedly that they need to be protected. I am just wondering whether this is the best way to protect it.

Ms TRAD: I am just a bit confused, Dr Hunter, because we would not expect a coalmine to be on the fringe of the Brisbane metropolitan area. We would not expect a uranium mine to be on the doorstep of Kuranda. If there are no community expectations that that level of resource extraction should happen in an urban setting, why is it, therefore, that quarantining strategic cropping land, high-value agricultural land, from CSG extraction causes sovereign risk?

Dr Hunter: Do you understand the difference between a coalmine and a coal seam gas—

Ms TRAD: Of course I do, Dr Hunter.

Dr Hunter: So the issue is not about the visual amenity or the visual pollution; the issue is about the water and the land itself. That would be my understanding. Is that your point?

Ms TRAD: Well, it is not just visuals and the use of water. There is a whole range of other things.

Dr Hunter: So what other things are a particular concern of the community?

Ms TRAD: Transportation.

Dr Hunter: Yes.

Ms TRAD: The use of the salt.

Dr Hunter: The use of the salt. What salts are they using?

Ms TRAD: The salt extracted.

Dr Hunter: Yes.

Ms TRAD: Because there are treatment facilities on CSG sites—

Dr Hunter: Yes.

Ms TRAD: So the transportation of that salty matter away from the CSG site—

Dr Hunter: So can I infer from what you are saying that we should not transport any chemicals in any urban fringe areas or any other areas in order to protect those areas?

Ms TRAD: I am not saying that, Dr Hunter. But you would be aware that the movement of coal freight through urban centres is an issue of significant concern that has caused—

CHAIR: Jackie, you are getting into a strange debate here.

Ms TRAD: No. Dr Hunter is asking me questions, and I appreciate those questions. I am happy to have a dialogue about it.

CHAIR: But it has to be in relation to what we are doing.

Ms TRAD: So the movement of coal—

Dr Hunter: But the movement of coal is completely different to a pipeline that carries gas in a static manner along a pipeline. You are comparing apples with oranges in terms of community impact. I lived near a railway line for most of my life until I was 20 that had coal trains thundering through. That is completely different to wells that actually have gas coming from them in underground pipelines to a trunk line and then transporting that.

Ms TRAD: But that is a community concern, Dr Hunter.

Dr Hunter: Absolutely.

Ms TRAD: So I am saying that that is a community concern. My issue, getting back to my original question, is that there is a community expectation that resource extraction activities do not happen in particular circumstances in particular populations and centres. So why does a prohibition on CSG extraction on strategic cropping land alone cause such an impact on sovereign risk?

Mr COX: The investment.

Dr Hunter: Strategic cropping land should be protected for a start under the Strategic Cropping Land Act. That is what the Strategic Cropping Land Act is supposed to protect. And the value of that land, just like the Liverpool Plains, is without a doubt incredibly important and it should be protected. There is absolutely no doubt. Now they should be protected in a manner of either a total ban or co-existence where expert opinion grants the opportunity for those activities to co-exist.

Now co-existence is forced. Co-existence is not a warm fuzzy marriage. It has been likened to an arranged marriage and often both parties do not enjoy it. If the petroleum companies had their way they would just move everybody—not necessarily, but it would be great to have everybody out and they would just do their activity, which is what normally happens offshore. Remember that a lot of times that is where these activities come from. They come from an area where there are no humans and now it is being brought into an area where there are humans, just like the people who have carried on their activity on their land for five or six generations without somebody else coming in but now they are forced together.

The role of the parliament and the role of the law makers is to be able to make that work in the best possibly way. Now I do not think it is the best possible way in Queensland, and I think this bill adds nothing to that. I think there are other mechanisms. I think there are much better mechanisms that will actually provide better ways of managing both parties. My point about

sovereign risk is that that is one issue that I have identified that could be problematic. There are many others—the other one being the issue of compensation and taking back the leases. I could give you five others. So I think there is a capacity to be able to work with a legal framework in a manner that is better than this bill.

CHAIR: Shane, do you have one last question?

Mr KNUTH: Jackie more or less said most of what I wanted to say. But you were talking about the fact that there needs to be protection. Do you believe that we need to do away with the co-existence of whatever means necessary? I think you are getting the point too—and it is very confusing—that what we are seeing is gas extraction over a 30-year period over the sovereign risk of agriculture, which will be with us for a lot longer than what gas will be.

Dr Hunter: I agree with you. I did my PhD in Norway analysing the Norwegian framework. The Norwegian approach is very simple: gas will come and gas will go but renewable industries, like in their instance fishing and like in your instance agriculture, will remain if we manage things properly. In the Norwegian framework there are areas that you just never touch. They are very few and it is because of a whole range of reasons. But for the major part—and this is the other difference—they work together in a manner that the activity that will come and go, which is the gas in this instance, must not impact on the strategic cropping land. But there is a way to make them co-exist.

If there is some land that is so valuable that at all costs must be protected, then that should be done through the Strategic Cropping Land Act. That is all I am saying. I am not saying do not protect it—quite the opposite. I am completely in favour of protecting cropping land. All I am saying is that this bill is not the way to do it. A blanket ban is not the way to do it. You need an assessment on practical, logical, well-framed, referenced terms. Then you can make decisions rather than blanket banning. All I am saying is that a blanket ban will scare investors. A logical, reasoned, exclusion zone will not, because you are presenting a case and saying, 'This is the reason and the indicia of why it is being banned. Therefore, it is banned.'

CHAIR: Could I just ask one quick question and it will be the last question. In Norway there is a big forestry industry and all of that sort of thing—

Dr Hunter: It is more fishing, not forestry.

CHAIR: Is that right, is it?

Dr Hunter: The Fins have got forests.

CHAIR: All right. There are no more questions. Thank you very much. That was very informative.

Proceedings suspended from 11.36 am to 11.45 am

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

COX, Mr Randall, General Manager, Office of Groundwater Impact Assessment, Department of Natural Resources and Mines

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

CHAIR: We will now move onto the departmental briefing. Thank you very much for attending our briefing. Would you like to make a brief opening statement, Dennis?

Mr Bird: Thank you very much. We have asked Randall Cox to come along today because if you have any questions with regard to the impact on water from the coal seam gas industry he is the resident expert in the government and can give you chapter and verse in that sense.

I guess what I would like to say to the committee is that the government has worked hard to build confidence in this industry. It has three major planks to do that. One is the GasFields Commission, which is chaired by Mr John Cotter—I am sure you are aware of it and its operation. Another is the Office of Groundwater Impact Assessment that Randall Cox heads up. He can talk specifically about his role there. It is very important that the government monitors and understands exactly what the impact on water will be from this industry. Finally, is the CSG Compliance Unit whose role is to assist the Office of Groundwater Impact Assessment in terms of monitoring bore levels and so on, but, more importantly, manage complaints and manage compliance of the industry in accordance with the regulations that are laid down.

They are the three planks that the government has put in place. They have been pretty effective, I might say. I have been involved with the industry since before most of the major companies went to their financial investment decisions. I have seen a significant change in the way the industry is managed by the government and also in terms of the level of confidence that the community now has compared to what it may have had and the level of uncertainty that existed in the very beginning. That is all I wish to say.

CHAIR: You would have been interested to hear some of the previous speakers speak about sovereign risk. Randall would have been interested in some of the water issues that were brought up. Randall, would you like to make a brief statement about the work of the Office of Groundwater Impact Assessment?

Mr Cox: Our role is in relation to the cumulative impact of CSG operations on groundwater resources in the CMA. That is our core role. It is not to do with fracking or the use of water after that event. That is a key matter that has been mentioned by speakers today. We are an independent group within the Department of Natural Resources and Mines. That is important to stakeholders. There has been mention this morning of the voices that government listens to.

Our office is an independent office. We are funded by industry, but that is not a voluntary thing on the part of industry. A levy is raised. We set our budget. We consult with industry and non-industry members in doing that. The minister approves the budget and then it is raised from industry. We carry out our work independently.

There has been some discussion about interconnectivity. I expect Andrew Barger was talking about interconnection in relation to an individual CSG bore and saying that is unlikely. I believe that is correct. But there is no doubt that there is interconnectivity between the aquifers. It is a matter of to what degree that is occurring. That is the important issue.

The report that we prepared at the end of last year—the Surat underground water impact report—makes those predictions on the basis of the regional groundwater flow model that we prepared using the best resources available. Of the 20,000 private water bores in the cumulative management area, we expect 529 of them will be significantly impacted by coal seam gas operations—85 of those in the short term. They are already make good agreements being entered into with the owners of those bores by companies.

The Condamine was a particular focus of discussion. That is because of the land values in the Condamine and the fact that it relies on the alluvium as a water source. Our predictions are that there will be a relatively small impact on the Condamine alluvium—about 100 megalitres per annum leakage into the underlying Walloon coal measures. That is relatively small compared with the agricultural usage of about 55,000 from that resource. But because it is a stressed aquifer and levels have fallen and people are reducing their entitlements, it is still a significant number. Our

focus in the coming period is to reduce the uncertainty associated with that number so that when we remodel the next time we will have even greater confidence in the amount of water that is leaking.

We do not believe the water levels in the Condamine will fall because of CSG operations by more than two metres. It will be less than that. As I said, that is still a significant matter for landholders. I think perhaps it is best if I take questions from you in relation to all of that.

CHAIR: Kylie, there was some discussion around some of the planning issues such as where the Darling Downs overlay plans have come in. I have had a few inquiries from a few people. There is still not a real lot of clarity about what takes precedence—for example, if a mining company owns a block of land. Is that going to be clarified into the future? Would you like to make an opening statement?

Ms Williams: The regional plan identified priority agricultural land uses in this area of Darling Downs and Central Queensland. That was based on land use and land uses that existed in that area. Obviously land uses can be turned off at any time. Should a land use be turned off or stopped by a resource sector we are preparing legislation to address that issue. When can a land use be turned off and when would it lose the protection that is offered by the PAA and PALU land use protection provisions?

In addition to that we have acknowledged that there is the SCL protection which actually protects the soil. So what we are doing with the regional plan is not trying to duplicate the SCL Act and the protection of the soil. So should that land actually be soil—that is, strategic cropping land soil—it would retain the protection through the Strategic Cropping Land Act.

These are two different layers protecting two different aspects. One is protecting the soil. The other one is recognising that in some cases you may not have the soil but you do have priority agricultural land uses. What we are doing is actually protecting the land use. So we will have these two layers working in combination in these areas in the future.

CHAIR: Is there anything else you would like to add?

Ms Williams: I would like to reiterate that, as part of the regional planning process it was identified that the government would be preparing PAA co-existence criteria to look at how we actually facilitate, to the greatest extent appropriate, the co-existence of agriculture with resource sectors. We have obviously been engaging very closely with Randall's area to understand the relationship of the aquifer and water issues in these areas to also bring that information into that PAA co-existence criteria.

Mrs MADDERN: I am trying to get my head around the two layers. You have explained that quite nicely, thank you very much. If I have a property and a mining company comes along and says, 'We really want to utilise part of your property for a coal seam gas well,' where do I go and how do I negotiate with the mining company in terms of the two different layers? How do I go about that? Does the department assist me through that? Do I just sit back and say 'There is nothing I can do'?

Ms Williams: While I am not an expert in the Strategic Cropping Land Act, it is a regulated development process. If somebody is proposing to do development on land that is confirmed strategic cropping land they actually have to make an application to the state which is assessed through the Department of Natural Resources and Mines. It will determine the appropriateness of both the activity and how you manage the impacts on the soil.

The intention with the regional plans is that the government will prepare legislation to give effect to those land use policy outcomes expressed through the regional plan to affect resource activities. Once again, we will be looking at introducing a regulatory regime where a proponent would need to apply to the state if they were having a certain impact on that and seek approval from the state to undertake that activity.

Mrs MADDERN: So the onus would then be on the proponent not on the landholder?

Ms Williams: No, the onus is on the proponent.

Mrs MADDERN: So they have got to go through the process. So they would have to actually argue, in some circumstances, that this is not strategic cropping land therefore they can do that?

Ms Williams: Yes. If they were proposing to undertake resource development on the land they would need to seek approval to do that. That is the same thing as applies to SCL. While I said I am not an expert in the SCL, there is a validation process under the SCL where somebody can come through, even if they are not actually proposing to do resource development, and try to get a

validation that this is or is not SCL. That can be brought forward by any party; it is not just the resource proponent. That is a validation process.

Mrs MADDERN: Thank you.

CHAIR: Ray has asked that he be allowed to be part of the committee hearing. Would you like to ask a question?

Mr HOPPER: My question is to Mr Bird. At the public hearing you actually stated that there were 496 exploration or production wells. From the research I have done—and I will table this map—there are probably about 30 wells in that production area. Out of those 30 wells there is probably only four or five that are not in production. Can you please explain where you are coming from with your statements in the public hearing and with regard to this information, which I will table later?

Mr Bird: Thank you for the question. I think if I recall—

CHAIR: It was actually Mr Cox who said that.

Mr Bird: I think if I recall from my statement at the previous meeting, we had trouble mapping the area that you were describing in the act. I think it was pretty unclear. We tried to map exactly what we thought was the case. Within the area that we were able to map—as I said, in the absence of detailed information—it included both production and exploration wells. That was the figure we gave you at that time. I think I advised the committee that, because of the difficulty we had mapping, that was our best estimate at the time.

Mr HOPPER: I have another question. I do not think there is much difficulty in mapping the description in this legislation. It is east of the Condamine River, a line going through the Chinchilla post office and into New South Wales. It is common sense. You could have a look at any map and see the defined area in this legislation.

Mr Bird: I think in the act, as I recall, you mentioned the Condamine River crossing the New South Wales border. I do not think it does. I think there were some issues around that clarity. I cannot recall exactly, but I think other aspects within the act confused us a little bit. There was no attempt to create an additional problem. It was just what we had to work.

CHAIR: Ray, what are you saying? Are you saying there are only 40 wells you feel in that area?

Mr HOPPER: It is on the map. There are probably 30 to 40 wells that have been drilled to this time. I will get into sovereign risk and all that.

CHAIR: DNR might be the one to clarify that for us, is that right?

Mr Bird: That is exactly right. As I say, at the time when we were preparing for our submission initially we looked at the mapping as best we could, we looked at the well distribution as best we could but the reality is that you are better off getting the department of natural resources to provide you with that.

CHAIR: I will ask the committee executive to inquire of DNR to find out the exact number. Any questions?

Mr COX: No.

CHAIR: There was some discussion about sovereign risk. What is your feeling in relation to sovereign risk? I think Dr Tina Hunter highlighted the risk. She feels that there is some sovereign risk—negativity—building up out there. What is the feeling from the government? Is there any comment on that?

Mr Bird: I think any time you introduce some significant change you are going to create uncertainty among the investment climate. Whatever the number of wells we are talking about here, it is not just the wells that are currently drilled; there are the wells that could be drilled in this particular area. Obviously, Arrow Energy is particularly keen to exploit this area. As soon as you make rules that are going to exclude them or remove any of their property rights, whether they have drilled wells or whether they have merely had some sort of tenure in that area, you are going to create uncertainty in the investment climate and that creates sovereign risk. If we have to take away their rights without compensation, that is probably even a worse situation. Right at the moment, the problem we have is that the investment climate is not terribly attractive across business and industry more generally. I think anything that you do to decrease that certainty is not going to make that any better.

CHAIR: Just through you, Randall, we had Dr Stone in from GISERA today and he seems to be very much across the issues with wells. Does your group deal with GISERA at all?

Mr R Cox: I am a member of the advisory board for GISERA. So I am aware of the projects that they are involved in.

CHAIR: So the Office of Groundwater Impact Assessment is utilising that sort of data as well? They are doing that as well?

Mr R Cox: Yes, our general position on research is that we are looking at not to cause any overlap, not to redo things that other people are doing. So we look to fill the gaps and to influence the research that is carried out by other institutions too so that it meets our needs. Then we independently fund any additional research that is needed. So we have collaborations with Flinders University and UQ and CSIRO and Geoscience Australia.

Mr COX: In regard to sovereign risk, Dr Tina Hunter was saying that if the regulations change that could scare people away. For the landholders here, future investment would be going into agriculture because these areas are high-agricultural areas and, in some cases, more so than others. With the regional plan and the strategic cropping areas, is that also going to help to get rid of some of that uncertainty for investment when it comes to agriculture—that there are these two models working together that provide a medium that people know they can work through so that agriculture also does not lose out with future investment.

Ms Williams: What we have been asked to do on behalf of the government is to clearly articulate the government's perspective on this and the policy position to give certainty to both the resource sector and the agricultural sector so that they know what uses have priority in what area and if a non-priority use wants to exist in that area, what is the criteria that they would need to meet in order to get an approval to go there. So it is intended bring certainty to both industries.

Mr COX: I just wanted to make that point. Thank you.

Mrs MADDERN: Just as an addendum to that, I think you have indicated that there is still some regulation to be built around this. How long do you think that process is going to take to get to the point where an investment company can just look at it and say, 'Right. That's what it is. That's where it is?'

CHAIR: When is the legislation going to be finished?

Ms Williams: Unfortunately, I do not control when the legislation will go through—

Mrs MADDERN: No, but your preparation.

Ms Williams: Yes, we have been working and we have done a lot of work to look at the legislation that would be necessary to put those regional plan land use policies into and apply to resource development. The government will then work out how they progress that through the process. In addition, we have been having to do the work on what we call our PAA co-existence criteria, which is another level of detail. For all intents and purposes that is the assessment criteria against which you would assess a non-priority agricultural land use against these criteria to determine whether it can go ahead. We have been working on that all year and we would be hoping to have something early in the new year.

Mrs MADDERN: Okay. So there is a defined—

Ms Williams: Yes, the government is very keen to get it done as soon as possible

Mr KNUTH: The New South Wales government introduced tough CSG environmental regulations. Basically, they can see that there is a greater risk or sovereign risk to agriculture with CSG exploration. Would your department consider investigating the outcomes of that and possibly use that information of how they have embraced it to brief this government on the outcomes?

CHAIR: Shane, that is really an opinion. That is more political. You can write to the minister and ask him if he is going to do that, I think, more so than ask the department. Thank you very much for your time here this morning. We have had some very interesting speakers here and I am sure you would have been impressed to hear some of them as well.

HOPPER, Mr Ray, Member for Condamine

CHAIR: Ray, would you like to make some comments now, please?

Mr HOPPER: Thank you very much, Mr Chair. I give a special thankyou to everyone who addressed this hearing today. I seek leave to table three documents which I will speak on.

CHAIR: Leave is granted.

Mr Hopper: Thank you. There have been a few points brought up here today. From what I am hearing, the further this investigation of this bill goes on, the happier I am. Mr Barger spoke about the make-good agreement. That has been spoken about a lot today. I do not believe that we can have make good when it comes to water. These companies will come and these companies will go. If they take the water from a farmer and they have to keep replacing it, what happens when the company has gone in 20 years time? It is just ridiculous. We certainly need some more research on this.

Mr Chair, you spoke of farms where a well can be put down in a tougher area than where it is not as good. If we have a look at that flood plain between Toowoomba and Cecil Plains, which is the most important part that this bill covers, there is no difference in any of that land whatsoever. If anyone would like to drive just west of Dalby and have a look at the Queen Street traffic that is involved in this industry, to even suggest co-existence is beyond my belief for that Cecil Plains area. I just cannot comprehend that anyone would even think of co-existence in that prime agricultural flood plain, on that beautiful prime agricultural land.

Mr Brough spoke about it covering only a small part of Queensland. If you read this bill you will see that it covers all strategic cropping land. There were instances brought up that it does not cover coalmines. Under our strategic cropping legislation that is coming forward, I believe that coalmines will be covered under that legislation. That is why this bill is on coal seam gas. This is very good legislation. It has very little sovereign cost to government.

Mr Bird, the CEO of the department, if you read *Hansard*, which I tabled, stated that there are 496 wells in the defined area. As I mentioned before, my legislation is simple. East of the Condamine River—anyone can pick up the map. The only two areas that might not be defined is where it meets the New South Wales border, or the little tiny bit from Chinchilla to the Condamine River, which is a couple of kilometres and I will be putting in an amendment to follow Charlies Creek, which runs from Chinchilla to the Condamine River. That did not affect any wells whatsoever. So I do not buy that the department could not understand this map.

Media was done saying that I was to close 500 coal seam gas wells with my legislation. That is a false interpretation. There would not be probably four or five wells closed under this legislation. There are 30 to 40 wells defined in this area that have been drilled that are not in operation. So compensation and sovereign risk to this state is very little.

I would like to ask: what about sovereign risk to the farmers, to the agricultural industry in this defined area? If Arrow Energy get their way, if you look at the yellow dots west of my defined area on this map, that is what will be on this prime agricultural land and that is totally unacceptable. That is why I have put this bill forward. We have heard people say that you cannot draw lines on maps. We can draw lines on maps. Are we going to put a coal seam gas mine in the botanic gardens, as the South Brisbane was pointing to? No, we have areas locked up. We have the Barrier Reef locked up so we can protect it. I say to this committee and the people in this room that this prime agricultural land between Toowoomba and Dalby is equal to the Great Barrier Reef. That is why I have put this legislation forward.

I am very disappointed with some of the presentations that have been brought forward today. I cannot believe some of the presentations that have been brought forward, because if people really got stuck into this bill and understood it and had a look at the impacts of the coal seam gas industry—I would be happy to take them and show them the impacts of this industry just west of the town of Dalby. I probably do not have much more to say. You cannot co-exist with that prime agricultural land. That is what this bill is all about. Thank you for listening to me today. I am happy to take any questions.

CHAIR: Any questions? What do you think of the fact, Ray, that some of the farmers would be quite happy to have an off-farm income from co-existence if they can get it in a corner of a paddock somewhere, or on their tracks, or whatever?

Mr Hopper: We are faced with that problem already. As you probably are aware, some of the contractors to the coal seam gas company have brought farms in this defined area just east of Cecil Plains. So they would definitely allow coal seam gas activity on to their place with Arrow Energy, because they contract for Arrow Energy. That is why I want a blanket ban put in place.

CHAIR: So you want to take away their rights as a landholder to negotiate that income?

Mr Hopper: In that area, absolutely. They have to put gravel roads in to get to those coal seam gas wells. If you get an inch of rain, they will not drive on that country for three weeks. I watched drilling activity at Jimbour on the Jimbour plain and we have photographs of where the trucks sank up to their hubs, up to the diff, which were two, two and a half feet deep just to get to the well and it was not even a wet time. That is how precious that soil is. When you dig that up to put interconnecting pipe works together, that country subsides for the next three or four years. It is a flood plain and it just cannot be done.

CHAIR: But like I say, you are quite willing to sacrifice some legitimate landholder rights to do that, are you?

Mr Hopper: Absolutely. It has to be a blanket ban in that area.

CHAIR: Yes?

Mr KNUTH: Member for Condamine, in regard to the sacrifice of the landowners' rights, if there was no coal seam gas and people could concentrate on agriculture, would you see greater investment and strong powerful investment there because the main focus is making an income out of agriculture? That is probably why you have put that line there—so that there is greater certainty. Is that why you have done this?

Mr Hopper: That is a very, very good question, member for Dalrymple and I thank you for it. Why would you sacrifice 30 years of wealth for 2,000 years of food production? This country is going to produce billions of dollars worth of agriculture. If there is a world food shortage, you could nearly feed the world with this country if you grew small crops. If you had crops that turned over every six or eight weeks, which we may well see in the future, why would you dare sacrifice it for this? The sovereign risk should be focused on the risk to our agricultural production as far as I am concerned.

CHAIR: I have just one question, Ray. You probably understand this area much better than I do. Where are all of these wells here getting piped out? Are they going through this country?

Mr Hopper: They would be more or less piped north, Ian.

CHAIR: They would go north?

Mr Hopper: Yes, they will go north.

CHAIR: Okay.

Mr COX: Thanks, Ray. I have just one question on the back of Mr Chairman's question in regard to future revenue that could be made from landowners. The committee went to Dalby and we spoke with the council. How do you reply to the investment dollars that is being put into those towns? They admit—and we heard—that there are growing pains, I guess you could call it, with the activity. What about the money that that is bringing in? Should we consider that?

Mr Hopper: That is a very good question, Sam. The town of Dalby is booming. You try to drive on to the Warrego Highway from a side street and sometimes you have to wait five to 10 minutes. Mothers running their kids to school do not use the main road going through Dalby because of the trucks and that is all related to the gas industry. It is going to expand to 40,000 coal seam gas wells. But I say to you that, when the Condamine aquifer goes in 60 years time and Dalby is out of water, what is better and what is worse? When the agricultural land around the town of Dalby is not producing agriculture and the gas industry is gone, what is going to be worse? So why would you sacrifice short-term gain for long-term production?

Mr COX: Thank you. I hear your point, but I think we have heard a lot of other things today that there is a chance that both could co-exist and, yes, we would still have agriculture here in 60 years.

Mr Hopper: I have given my opinion on that. I do not believe that that is so. Thanks for the question. It was a very good question.

Mr COX: Thank you, Ray,

Mr Hopper: Thanks, Mr Chair.

CHAIR: Thank you very much for that

Mr Hopper: I have just one further thing. With this false interpretation of the mapping and the bad media that was done on my behalf, is the committee going to do anything to right what happened in that area?

CHAIR: We did not put out the media, Ray. Dan Toombs was sitting here at the start of this briefing as well. I do not know whether you noticed him sitting there taking notes.

Mr Hopper: Okay. Thank you very much for your time.

CHAIR: He is from the *Toowoomba Chronicle*. We might ask you to give us a bit of a hand to word that question for the DNR that you want to ask. Thank you, Hansard. I thank the department very much for their assistance today.

Committee adjourned at 12.16 pm

DRAFT