



9th July 2014

Mr Ian Rickuss MP
Chair, Agriculture, Resources and Environment Committee (AREC)
Parliament House
George Street
BRISBANE QLD 4000

Dear Mr Rickuss

AREC Inquiry into Mineral and Energy Resources (Common Provisions) Bill 2014

Thank you for the opportunity to provide this submission to the Queensland Parliament's Agriculture, Resources and Environment Committee regarding the Mineral and Energy Resources (Common Provisions) Bill 2014 that has been introduced to the Legislative Assembly.

The Association of Mining and Exploration Companies (AMEC) is the peak national industry body for mineral exploration and mining companies within Australia. The membership of AMEC comprises hundreds of explorers, emerging miners and the companies servicing them.

AMEC's strategic objective is to secure an environment that provides clarity and certainty for mineral exploration and mining in Australia in a commercially, politically, socially and environmentally responsible manner.

In general, AMEC is supportive of the Modernising Queensland's Resources Acts (MQRA) program being undertaken by the Department of Natural Resources and Mines (DNRM), of which this Bill forms a critical part. The vast amount of policy that this Bill seeks to implement is vital to maintain a strong mineral exploration and mining sector in Queensland and must be closely scrutinized for any unintended consequences that will decrease the effectiveness of the Bill.

As AMEC was consulted in the policy formation for this Bill, much of it is known and accepted by members. AMEC does, however, have some recommendations for specific sections of the Bill outlined below:

Land Access

As the most fundamental need for exploration companies is access to land, AMEC has endorsed much of the land access framework in the Bill. It is noted that with regards to Conduct and Compensation Agreements, there is the provision for an Opt-

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out agreement¹ included in the Bill. This is considered crucial to recognising the excellent working relationships that many mineral exploration companies maintain with land holders.

AMEC supports the various other amendments to enable easier and quicker access to land across Queensland, without increasing costs, or enforcing unwarranted compensation.

It should be noted, that on average, companies undertaking greenfields exploration are generally junior exploration and emerging miners with very small staffing levels and limited financial resources. These small companies are themselves, in many instances, dealing with large multinational companies that own land, or are part of large pastoral groups. To characterise the resource authority holder as the company with the “upper hand” in negotiations is a stereotype that should not be assumed to always be correct.

Incidental Coal Seam Gas

The proposed change to allow the use of incidental coal seam gas (ICSG), released during coal mining and that ICSG be allowed to be transported, sold and used beyond a specific mining lease is supported by AMEC.

Assuming there are defined parameters where overlapping gas authority holders must exercise their first right of refusal in a timely manner, coal miners have the opportunity to utilise this gas to supplement their energy requirements. As energy is one of the major input costs on virtually all mine sites, this is a sound policy initiative.

Notification & Objections

The proposed amendments to duplicative notification periods are regarded as a positive step for the Queensland Government seeking to increase the certainty for investors in the mineral exploration and mining sector.² The repetitive opportunities for anti-development interest groups to attempt to re-examine the authority holder, simply reduces Queensland as an investment destination and devalues the issues of truly affected landholders.

As such, AMEC supports the amendments the Bill proposes to limit objections to the Land Court directly to the land holders on site-specific environmental applications and very large scale developments. This provides some certainty to small scale mining operations and will save time and costs for the smaller scale developers in Queensland.

¹ Section 40, 2 (b)(ii)

² Chapter 9, Part 3, Division 4

Surat Basin Overlapping Tenure

AMEC has significant concerns regarding the amendments specifically sterilising the Surat Basin Transition Area for mining activities³. The consequences of these changes will remove any possibility of exploration companies with tenements in this area to raise capital, in an already dire market for these small-cap companies.

By giving gas companies until 31 December, 2016 to have a Petroleum Lease granted, the Queensland Government will essentially force all coal companies to abandon projects throughout the Surat Basin. Whilst it is understood the CSG industry is considered of strategic importance to Queensland, there is no logical argument to support the increase in a mining parties notice period to 16 years. Further to this, despite the stated intent for gas and coal companies to have the opportunity to negotiate a commercial outcome in the Bill's explanatory notes, there is no opportunity within the Surat Basin Transition Area.

AMEC regards this as a retrograde step and recommends that special protections for gas companies are not necessary, as the new framework in the Bill for overlapping tenures already provides 11 years of notification. At the very least, the Bill should be amended to ensure that there is the opportunity to negotiate a truncated notification period between gas and coal parties. As it currently stands, the Queensland Government will sterilise this area for in excess of 18 years and further reduce the attractiveness of investment in Queensland coal exploration.

Legacy Boreholes

The various amendments to set the protocol for addressing uncontrolled gas emissions from legacy boreholes are considered adequate by AMEC. The overarching industry concern was the risk associated with land access, and the costs of controlling a fire or capping boreholes.

AMEC recommends that the Government needs to assume the costs of an emergency situation where a legacy borehole is alight or in need of remediation. These legacy boreholes are by their nature, not in use by a permit holder, and under the relevant regulation of the time the tenure was relinquished, were regarded by Government to be sufficiently rehabilitated. Current permit holders should not be penalised for past Government standards. Other methods to cover costs should be employed such as the Mining Rehabilitation Fund established last year in Western Australia, which seeks to progressively rehabilitate priority abandoned mine sites and associated features.

³ Chapter 7, Part 4, Division 5, Clauses 231-233

AMEC would be pleased to appear before the Committee to assist in the understanding of the effects this Bill will have on the mineral exploration and mid-tier mining sector of Queensland.

To make these arrangements please contact either myself or AMEC Regional Manager Bernie Hogan of [REDACTED] or [REDACTED]

Yours sincerely


for **Simon Bennison**
Chief Executive Officer