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AGRICULTURE, RESOURCES AND ENVIRONMENT COMMITTEE

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Members present:

Mr IP Rickuss (Chair)
Mr DF Gibson MP
Mr JM Krause MP

Staff present:

Mr R Hansen (Research Director)
Ms A Jarro (Principal Research Officer)

FURTHER PUBLIC BRIEFING—MINES LEGISLATION (STREAMLINING) AMENDMENT BILL

TRANSCRIPT OF PROCEEDINGS

FRIDAY, 10 AUGUST 2012

Brisbane

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Committee commenced at 1.47 pm

BLUMKE, Mr John, Director, Project Facilitation, Resource Sector Facilitation Group, Department of State Development, Infrastructure and Planning

CRONIN, Ms Rachael, Executive Director, Service Delivery, Mining and Petroleum Operations, Department of Natural Resources and Mines

DATE, Mr Bill, Director of CSG Engagement, Surat Basin, Department of State Development, Infrastructure and Planning

DITCHFIELD, Ms Bernadette, General Manager, Mining and Petroleum Industry Policy, Department of Natural Resources and Mines

MATHESON, Mr Stephen, Chief Inspector, Petroleum and Gas, Department of Natural Resources and Mines

SKINNER, Mr John, Deputy Director-General, Mining and Petroleum, Department of Natural Resources and Mines

SQUIRE, Mr Warwick, Director, Land and Resources Policy, Department of Natural Resources and Mines

CHAIR: It is good to see the departmental officers back again. We just have a few questions. John, if you would like to start.

Mr Skinner: Thank you, Mr Chair. We did remain for the public presentations because we believed it was important for the industry, the community and other interested stakeholder groups to hear those presentations. Perhaps if I just make a few comments and touch on a couple of the comments and the questions from this morning. We did look at the statistics, which was a point you raised, Mr Chairman, in relation to exploration activity in the state. Something like 75 per cent of the state is either granted or under application in some form so it is a large area of the state. Forty-five per cent of the state is under granted applications, so that is a large area of the state. Actual production lease areas, in terms of where there is actual production, are about two per cent of the state.

CHAIR: That is quite an important distinction.

Mr Skinner: It is an important point, as I was saying earlier, and it does go back to this issue of resource interest not extinguished unless provided for by resumption notice in terms of particularly key infrastructure and rail corridors. And particularly if you look at the developments happening in the Surat and Galilee, the probability of those sorts of rail corridors going across areas where there is activity in some form of exploration is quite high. As I mentioned before, the amendments prevent extinguishment of resource interests and the associated compensation where co-existence can be achieved. That is a key point. Only in exceptional circumstances is it necessary to extinguish resource interests to facilitate infrastructure projects or other forms of development. I think statistics are consistent with that outline of the situation. The amendments recognise this and allow for the extinguishment of resources as an exception rather than the default position.

I just wanted to make those points in the context of the activity that is occurring in the state, which is very high. Given the volume of workload and unprecedented boom in the resources industry, that is also the reason we need to move to a modern, electronic system of dealing with these sorts of applications and volumes. That also goes to the points that were raised in relation to the discretion of the minister, because I think it is an important point in achieving this as a balancing issue. With that amount of activity occurring across the state, clearly there is pressure on being able to deliver. There is an expectation. If you look at expenditure on exploration, it has increased substantially in the last few years. It is now over a billion dollars per annum, so it is an important industry in the state in terms of exploration. There still will be discretion with the minister in terms of those time lines.

Clearly we have an interest in the state in terms of achieving balance in relation to turnover of those sorts of leases. We also have to balance people complying with the activity that they said they were going to do in their application, albeit at times there will be constraints such as wet weather, availability of drilling rigs and those sorts of things, because that is a large amount of the state and we want to also ensure that

that activity is productive. The other aspect in relation to that is that there is focus in areas such as green-tape reduction and getting some of the processes streamlined in terms of regulation which would help in terms of some of those time lines that were outlined previously.

The other aspect, and I think I covered it off earlier, is that these changes with the movement of water do not necessarily mean that the water can be moved or moved in a way that, for example, the company may propose in the sense that it does have to pass an environmental impact statement. But obviously the capacity is there to move the water or the brine as distinct from not having the capacity to move it. So it facilitates that process.

I think we have covered off previously on the issue of the urban buffer in terms of that restricted area range still being in place. Obviously the issue of buffers, how large or otherwise, was being addressed as part of the process we talked about in terms of the statutory regional planning. I think they were the main issues. There may be some others, but I just thought I would make some comments based on those. There was some mention about royalties. There are some cases, I think pre-1910, where some royalties do go to the owner.

CHAIR: They are fairly rare now.

Mr Skinner: Very rare. As I said, the principle that the resources under the land are owned by the people and the state is largely the case. They would be the main points. We are happy to follow up on the questions.

CHAIR: In relation to the brine—I think Ursula might have brought it up—part of the EIS was highlighting the fact that it may be trucking the brine. The only dump that will take that sort of briny water is Ebenezer. They were talking about trucking it out to Ebenezer. You are saying it would be very difficult to get that passed in an EIS; is that what you are saying?

Mr Skinner: What I am saying is that how the brine is moved, whether it be through pipelines to wherever or to the site, is a separate issue. I am aware of one particular case where that caused concern. The fact that we are facilitating the capacity to move it does not mean that we are endorsing it because it is not for us to make those decisions. There is an environmental process that has to be gone through. It may not be acceptable from an environmental capacity. But I think all we are doing is ensuring the framework so that the water and the brine can be moved rather than it be a local problem.

Mr GIBSON: Can I just pick up on that. We have gone from 'the water must remain on the tenement'. We have removed that, and now the water can go anywhere. Was there any consideration given to a middle position where it may be moved within an area where that is occurring but not permitted to be transported further than that or was it simply an either/or consideration?

Mr Skinner: This does not preclude it being dealt with locally or somewhere else. It is the vehicle.

Mr GIBSON: During the deliberation in formulating the bill did you look at any other options?

Mr Blumke: The focus has always been in terms of giving the proponents flexibility to move the brine where it could best be treated from an economic, environmental and community point of view. Looking at government policy, CSG water policy, the idea is that if we can give them the best flexibility possible in terms of the mechanisms we will get the best results in terms of the CSG water management policy. That does not mean that they cannot treat it on PLs, as they are saying, but if we give them the across-tenure or off-tenure arrangement it allows them to do what they can to allow beneficial use of the water, to allow salt to be rearranged for commercial purposes. It allows them to aggregate that, to get together as companies and to do things that are more innovative, and that has been the focus of the legislation.

Mr GIBSON: If I am clear, then, for the committee's purposes, it is not that there is carte blanche—they can do anything; it is really about saying that this bill will free up their capacity to provide innovative solutions, to look at what is the best economic outcome, but there are then still the necessary approvals that need to occur from an environmental perspective? Is that accurate?

Mr Blumke: That is correct. Before they can get a pipeline licence they do need an environmental authority under the Environmental Protection Act. If they want to use the water they do need a water licence under the Water Act. They need a conduct and compensation agreement with landholders. All of those other protections remain in place.

Mr GIBSON: If they truck the water as opposed to a pipeline, do they still need permissions in that type of arrangement?

Mr Blumke: I would have to go back through that, but certainly there would be environmental issues to be considered in terms of the EIS that is currently going through with Arrow. I mean, that is one of their options. That would have to be looked at as part of the environmental impact statement.

Mr GIBSON: Could you take that on notice and perhaps get back to us—the difference between the trucking and the pipeline—because I do think there may be a difference and it would be of benefit to the committee to be aware of that.

Mr Blumke: Sure.

CHAIR: The Peabodys raised some interesting issues about time frames. Has the department looked at those issues? I know there is some discretion there, but some of the leases are very large. What is the department's thought on that issue?

Mr Skinner: We have not attempted to change the arrangements. I think we can simply say that there is still discretion. The points raised do occur. I think they were looking for reassurance that there is still discretion, and there is still discretion. The challenge in this space, as I said before, is a balance issue between people fulfilling the undertakings that they give when they say how much activity they are going to do so that we do keep exploration moving forward in this state and, at the same time, taking into account that there will be factors at times.

CHAIR: In relation to the time frame, the minister was virtually open to giving discretion to every mining application—probably coalmining more so than gas. Because you would normally do a DNR omnibus bill once a year anyway, would there be any thought given to revisiting that at some stage down the track?

Ms Cronin: In relation to the Peabody submission, ministerial discretion in relation to relinquishment is currently only available under the Mineral Resources Act. So, as an example, the petroleum and gas act has a mandatory relinquishment requirement. So if the government wanted to review how land was made available and how relinquishing provisions came forward, that would be something that the government would have to take on board and provide advice about. We would need to consider that as part of a new submission.

Mr Skinner: It is probably a government policy issue moving forward. Again, as I said before, I think it is always a balance. It is a bit like the discussion this morning about whether it should be 12 months, nine months or six months. A lot of these things are balanced and there will be situations where people will have no trouble meeting those time lines and in other cases there will be reasons they were not able to achieve the objective. The objective, certainly in the exploration area, is relinquishment because there are other players who are also quite willing to come in and explore those areas and to use the geological data and the reporting that we get from all that exploration—to use the information to grow the sector. Certainly long-term arrangements where there is a low level of exploration but land is held onto over an extended period of time are not in the interests of the state necessarily.

CHAIR: I am sure that you, as one of the heads of the department, will ensure that green and red tape are cut.

Mr Skinner: Always vigilant.

Mr GIBSON: John, we heard earlier the Queensland Resources Council indicating that there is a slowdown in resource activity and obviously that will have impacts for the state. From your perspective, will this bill assist in bringing some vigour back to a variety of resource activity in the state, or is that something that this bill will simply make easier to do but we are still competing with global factors which will continue to be difficult?

Mr Skinner: There will always be macroeconomic figures that will impact upon the resources industry, whether it is the Chinese economy or whatever it might be. The point, though, is that there are other countries that are equally receptive to investment and resource activity and would claim, for example, to have a lower cost base than we have in terms of cost of labour et cetera. If you want to be somewhere reasonably economically competitive, you cannot always compete on price. You can compete on the quality of the resource and you can also compete on the fact that you have good governance processes in place both from the perspective of the interests of the mining sector and balancing that with the social licence and transparency that does not exist in some other jurisdictions to the same degree. Being able to move a project through and how long it takes—and I know some independent CEOs have often said, 'Some years ago it used to take X amount of time and now it takes longer.' So anything we can do, without reducing our environmental or other requirements, which we consider to be very important, helps in terms of facilitating investment and in growing the economy. So it is an important part.

CHAIR: If it is going to be more electronically based, will that give the department quicker pointers to what is actually happening around the state?

Mr Skinner: We are hoping it will be able to give more in terms of very important data of what is happening and the strength of information which hopefully better informs government decision making.

CHAIR: That is what we are hoping to do. Is there anything else you would like to summarise?

Mr Skinner: Thank you very much to the committee.

CHAIR: Thank you very much again to all of you who have turned up. It has been a pleasure. It is an interesting topic. We on this side do not quite have a panacea but we are getting close. I have one last question. How does this bill sit beside native title rights in terms of fundamental legislative principles? Is somebody good on native title rights?

Mr Squire: There are some interactions certainly in the space of compulsory acquisition with native title. The notion that to extinguish native title you need to extinguish all rights and interests associated with a parcel of land is critical in terms of resource interest. So, obviously, if native title is to be acquired, the resource interests also need to be acquired. That is one of the issues that is clarified in the bill. In terms of any other native title interactions, I am not sure. That is the compulsory acquisition side of things.

CHAIR: Does a project of significance make the native title rights non-existent?

Mr Blumke: With respect to the CSG water and brine pipelines, native title needs to be resolved prior to the issue of a pipeline licence. So native title, as part of that whole process for easements and CSG water and brine pipelines, needs to be resolved by the proponent before those sorts of instruments can take effect.

Mr Skinner: They have not been taken away.

CHAIR: Thank you very much.

Committee adjourned at 2.07 pm