CLEAN ECONOMY JOBS, RESOURCES AND TRANSPORT COMMITTEE

Members present:
Ms KE Richards MP—Chair
Mr PT Weir MP
Mr BW Head MP
Mr JA Sullivan MP
Mr LA Walker MP (virtual)
Mr TJ Watts MP

Staff present:
Dr A Ward—Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

PUBLIC HEARING—INQUIRY INTO THE MINERAL AND ENERGY RESOURCES AND OTHER LEGISLATION AMENDMENT BILL 2024

TRANSCRIPT OF PROCEEDINGS

Monday, 13 May 2024

Brisbane

MONDAY, 13 MAY 2024

The committee met at 9.33 am.

CHAIR: Good morning. I declare open the first session of today's public hearing for the committee's inquiry into the Mineral and Energy Resources and Other Legislation Amendment Bill 2024. My name is Kim Richards. I am the member for Redlands and the chair of the committee. I would like to acknowledge the traditional owners of the land on which we meet today and pay my respects to elders past, present and emerging. We are very fortunate in this country to have two of the world's oldest continuing living cultures in Aboriginal and Torres Strait Islander people, whose lands, winds and waters we all now share. With me here today are: Pat Weir, member for Condamine and deputy chair; Bryson Head, member for Callide; Jimmy Sullivan, member for Stafford, who is substituting for Joan Pease, member for Lytton; Les Walker, member for Mundingburra, via videoconference; and Trevor Watts, member for Toowoomba North.

This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind any members of the public that they may be excluded from the hearing at the discretion of the committee. Media may be present and are subject to the committee's media rules and my direction at all times. You may be filmed or photographed during the proceedings and images may also appear on the parliament's website or social media pages. I ask everyone to please turn their mobile phones off or to silent mode.

SQUIRE, Mr Warwick, Chief Executive Officer, GasFields Commission

CHAIR: Welcome. I invite you to make a short opening statement and then the committee will have some questions for you.

Mr Squire: On behalf of the commission, I would like to thank you for inviting me here today to speak with you in relation to the Mineral and Energy Resources and Other Legislation Amendment Bill 2024. I would also like to start by acknowledging the traditional custodians of the land on which we meet today and the various lands which this session is broadcast to across the state. I recognise their continued connection to lands and waterways throughout Queensland and I pay my respects to Aboriginal and Torres Strait Islander cultures and elders past and present.

Today I am going to focus in on two elements of the bill that were the focus also of our submission to the committee. They are the proposed amendments to the Gasfields Commission Act 2013 and also those amendments that seek to introduce a management framework in relation to coal seam gas, or CSG, induced subsidence. Overarchingly, the GasFields Commission is supportive of the bill, including those amendments that relate to the Gasfields Commission Act. I think importantly for over a decade the commission has been an important entity and widely respected for helping bridge some of those coexistence challenges across landholders, government, regional communities and the onshore gas sector. We have really taken an active, ear-to-the-ground approach to our work to seek to understand what those coexistence issues, opportunities and challenges are in communities and to craft our services and activities to things that make a difference in terms of sustainable coexistence.

At the current juncture, we have a changing energy landscape. It is more complex out there. We are seeing new coexistence challenges and opportunities emerge—particularly in the renewable energy space and in other parts of the resources sector—and they are impacting on our rural and regional communities in a social sense. Our experience in managing similar issues, particularly at that juncture where there is fast-paced development, puts us in a good situation to leverage those learnings and to work with the broader resources and energy sector and the communities that they operate within in relation to those social licence and coexistence matters.

The proposed amendments in the MEROLA Bill would see the commission's remit expand to work with those industries I mentioned—the broader resources and energy sector—and the communities in which they operate, and it would see our name change to Coexistence Queensland to reflect that broader remit. In terms of that statutory function element of what we do, what is

proposed is not too different to the types of activities and services that the commission currently offers in terms of the onshore gas sector: information and education services to communities, strategic stakeholder engagement and advising stakeholders and government on coexistence matters, including emerging issues and leading practice.

I am pleased to inform the committee that we have already commenced preparatory work to get things moving with the establishment of Coexistence Queensland so that we are operationally ready should the bill receive passage and assent. We know that there is a strong demand for the services that we offer out there, and we want to hit the ground running as soon as the bill passes, assuming it receives passage.

Importantly, under the current powers of the Gasfields Commission Act, we have as a matter of course over the past few years offered advice and made recommendations in relation to regulatory frameworks that relate to coexistence and the CSG and onshore gas sector. We have really operated utilising these functions to support enhanced coexistence outcomes. We have looked at matters like: the Regional Planning Interests Act; coal seam gas induced subsidence, which is one of the purposes of the bill in front of the House today; and also, further back in time, public liability insurance around coal seam gas infrastructure on private land.

In the context of the CSG induced subsidence framework, the commission is supportive of the bill. The amendments reflect and align with the recommendations the commission made to government in November 2022, I believe it was, and will provide that statutory pathway for landholders and companies to understand and manage the impacts of coal seam gas induced subsidence. I think it really does demonstrate the practical role the commission, and hopefully Coexistence Queensland in the future, can play in terms of providing that practical and strategic advice to facilitate better coexistence outcomes. We pride ourselves on bringing everyone into the room and trying to work through issues collaboratively where we can resolve those issues to ultimately achieve a balance in terms of economic, environmental and social development outcomes.

In terms of our submission, retaining that ability to provide a broad range of advice to stakeholders is really important, particularly those things that relate to regulatory frameworks. It is really going to be vital to the commission's ability to value-add as we move into a broader remit in the broader energy and resources sector. We have really honed in and sought some clarification in terms of the bill, particularly the advice function that sits with Coexistence Queensland under, I believe, clause 16 of the bill. Our understanding is that the intent of that particular clause is not to limit the timing or scope of that advice. There is some commentary in the explanatory notes which seems to be slightly contradictory to the drafting in the bill and we have sought some clarification there.

That is about it from me. Once again, thanks for the opportunity to speak with you today. I welcome the opportunity to answer any questions that the committee might have of the commission.

CHAIR: Thank you.

Mr WEIR: You have just finished where I will start, because you have raised that removal, as have other submitters. They are worried that the powers of the GasFields Commission have been weakened. There is no doubt the remit is going to be expanded to go into renewable energy, but you would still like to see the GasFields Commission able to make recommendations to the minister on particularly gas coexistence. Do you think it would weaken the position of the GasFields Commission to not be able to make that advice?

Mr Squire: I think there are a couple of elements to that. In terms of any changes around our onshore gas remit, there are none, as I understand it, in the bill. We would maintain a focus on gas; we just have an expansion into other realms. The query we have raised around the drafting is that, as drafted, I think the advice function reference is leading practice and emerging coexistence matters. I believe the explanatory notes refer to a removal of our oversight or a reduction in our oversight role and also that our advice function would be limited to on request, but that is not reflected in the bill. I think the intent is that Coexistence Queensland would be able to offer advice and recommendations in relation to anything relevant to emerging coexistence issues—whether that be a legislative matter or a matter of operations on the ground. Hopefully the intent is not to reduce that, but we are just seeking clarification there.

Mr WEIR: How would you see your role going forward? Given the role that OGIA is now going to play around the subsidence issues, how would you see the GasFields Commission or Coexistence Queensland, whichever way you would like to term yourself, operating in that area? There seems to be a lot of confusion around that.

Mr Squire: I see the role of the Office of Groundwater Impact Assessment as key in terms of the science informing the regulatory framework that underpins the subsidence framework. In terms of the commission's role, we would see our future role and the role of Coexistence Queensland being very much in the implementation of the subsidence framework—that is, in the information and education side of things: how can we work with partners such as the Queensland government, OGIA, the agricultural sector peak bodies and the resource sector peak bodies to make sure factual information is getting out into communities about the operation of the framework and assisting landholders and companies to understand their rights and obligations under the framework?

Mr WEIR: Would you see yourself having a role in the practicalities of what that framework actually is?

Mr Squire: In terms of the next—

Mr WEIR: In terms of guidance and the implications and the impacts on landowners. We talk about coexistence. We went out to Dalby and Toowoomba and heard from a number of landowners and they are very concerned that OGIA will basically write the framework, so where does the GasFields Commission have input into what the implications are?

Mr Squire: Thanks for the clarification. As with all of the matters that we see out in the field around coexistence, the commission would be keeping an ear to the ground on how the framework is travelling once implemented. If there were issues identified with operations, I would see that forming potentially part of our ongoing advisory role back to government and other stakeholders.

Mr HEAD: In relation to subsidence, I understand that some time ago Geoscience Australia recommended to all governments across Australia that subsidence be monitored across gas fields. Can you shed some light on when you knew that advice was first issued? Could you comment on that?

Mr Squire: I could not comment on the timing of that advice. I would have to take that on notice as to whether the GasFields Commission was provided with any formal advice on other entities and monitoring.

Mr HEAD: If that would be okay, thank you, Chair, that would be good. I am getting a question on notice back from the department, but I understand that companies are required to undertake some monitoring of subsidence to date. As far as the GasFields Commission is concerned, has this been adequate or widespread—the data points that have been collected—to truly show any impacts on subsidence to date and over what period?

Mr Squire: In terms of the commission's views on the monitoring framework, we very much have been reliant on the technical advice of the Office of Groundwater Impact Assessment. They have been a trusted partner across the breadth of the work that the commission has done around coal seam gas induced subsidence. We would revert to OGIA in terms of any views on the monitoring framework.

Mr WATTS: With the potential change in remit to include other things, obviously there will be a change in people and the organisational structure. Do you see any risk that you would lose focus on what has been the sole remit of the GasFields Commission—that is, just on gas? What kind of resourcing would you need to be able to maintain that focus and an additional focus?

Mr Squire: In terms of maintaining the focus on the onshore gas sector, that will certainly be a strong priority in terms of the work program for Coexistence Queensland moving forward. Part of the work that we are doing currently in relation to establishing Coexistence Queensland is consulting and engaging with peak bodies and key stakeholders around priorities for Coexistence Queensland. There is no doubt that the gas industry and communities affected by that will be focused in on the activities that the commission should continue to be doing around onshore gas and coexistence, potentially the implementation of the subsidence framework being one of those key focus areas. Certainly we do not see it as reducing the focus on gas in any way, shape or form. It is really augmenting that existing focus with an additional focus on broader industries and communities, which no doubt will have an impact in terms of the resourcing required to service that.

Budget discussions in relation to our foundational work program, once we become Coexistence Queensland, are ongoing. We have initial funding to undertake preparatory work to set up Coexistence Queensland, but we will need to have further discussions with governments over time around what appropriate budget and resourcing looks like. Ultimately, that is a decision for government also.

Mr WATTS: If I might make a small addition to that: as an old publican, my understanding is that a property right was sold by the government to the people on the top of the land and a property right was sold by the government to people to go under the land. The renewable sector is a slightly

different context because it is not the government assigning the property rights. Do you see any difficulty in managing that process, bearing in mind that it is not a property right that governments issue?

Mr Squire: There is no doubt that there is a level of complexity that is introduced with multiple interests in land operating under different frameworks. Part of the commission and Coexistence Queensland's role will be making available information that helps demystify some of those interactions and make it simple to understand. We will be focused on helping communities to understand those frameworks—landholders—and how it might interact with their rights and bringing information to those stakeholders that helps them to engage in the change process on a more equal footing, addressing that information imbalance.

Mr SULLIVAN: In your submission and again in your opening comments this morning you talk about the work that you have already done in preparation for the establishment of Coexistence Queensland. Can you expand on what preparatory work you have done in that regard?

Mr Squire: The preparatory work is both externally facing and internally facing. Obviously, internally we have a bit of infrastructure to get in place in order to open the doors: websites, email addresses, branding et cetera. That is all underway. There is also the external engagement, which is key: making sure we are understanding what our key client groups—our stakeholder groups—see as the value proposition for Coexistence Queensland and the services they want to see delivered. Whilst we have runs on the board in terms of the onshore gas sector, certainly there are things that we can improve and enhance in what we do. We are looking to work with our stakeholders to understand what services they are looking for and what the priorities are. Really, they are informing the work program that we put on the table for our first period of operation.

CHAIR: Member for Mundingburra?

Mr WALKER: I have nothing at this stage, thank you, Chair.

Mr WEIR: Continuing on that line, what changes in qualifications do you see as being needed for Coexistence Queensland to deal with the renewables sector and ongoing with the gas sector? Will there be two different panels? How do you see that working? Is it a broadening of what you have?

Mr Squire: In terms of your question, are you referring to the board make-up?

Mr WEIR: Yes.

Mr Squire: That would be a policy question for government, I believe, around the qualifications of board members. What I can say is that I believe that the legislation does include provisions to broaden the criteria for membership of the board to include those with experience in the renewable energy sector or the minerals and other resources sectors. The intent there is to provide greater diversity on the board to reflect the industries being serviced by Coexistence Queensland.

Mr WEIR: At this stage, you do not know what it is actually going to look like?

Mr Squire: No. The appointment of the board and the chair is a ministerial and a government process. It is not led by the commission or Coexistence Queensland.

Mr WEIR: And that goes back to what you were saying about budget and the financing of it as well—

Mr Squire: Yes.

Mr WEIR:—because there will need to be an increase from somewhere, you would imagine?

Mr Squire: That said, we have a really passionate and skilled staff base that have built a significant skill set in the coexistence area and onshore gas. There is much potential there to leverage those skills. We will build on that foundation in terms of the organisational strength as we broaden our remit.

Mr SULLIVAN: To that point, those skill sets include, obviously, engaging with the key stakeholders and managing various interests, which is very transferable to the expanded role that this bill will introduce; is that a fair summary?

Mr Squire: That is a fair summary. We hope to build and to acquire skills as time goes on and as we grow but, absolutely, there is transferability in that skill set.

Mr HEAD: New South Wales was conducting reviews into coal seam gas subsidence monitoring in 2013. When did the GasFields Commission start undertaking work and liaising with landholders, industry and government in relation to subsidence?

Mr Squire: I would have to take on notice the question on detailed date and time. Certainly, it preceded my time in the commission and I have been here for about 3½ years. I believe it would have been around four years ago. I think the 2018 underground water impact statement that was issued by the Office of Groundwater Impact Assessment had some commentary about regional-scale subsidence monitoring. It was the first time that sort of monitoring had been undertaken. That triggered some very detailed conversations in the community around CSG induced subsidence.

At that time, the commission formed a group called the Surat Stakeholder Advisory Group that was centred around landholders in Kupunn, Springvale, Dalby and through the Cecil Plains area. That particular group brought to the surface a range of issues and concerns, CSG induced subsidence probably being the core one that came out at that time. The commission and OGIA acted on those concerns in terms of our reviews, recommendations and the further science that the Office of Groundwater Impact Assessment is still leading.

Mr HEAD: With regard to that working group, going forward with this bill and setting up the framework for managing the impacts, is the GasFields Commission, in its work with OGIA, confident that there is enough baseline data, from before any development through until now, to truly understand what subsidence looks like across the region?

Mr Squire: Again, in terms of any technical advice and assessment, we would always defer to the Office of Groundwater Impact Assessment as the most appropriate to respond to those types of questions around the validity of the monitoring framework and data.

CHAIR: If the bill is passed, could you talk a little about what consultation and education would look like? Based on the experiences we heard from Toowoomba and Dalby last week, obviously that is quite key to bringing everybody on the journey. What would that look like for Coexistence Queensland?

Mr Squire: Certainly that sort of information and education role will be critical. If I take the example of the subsidence framework as a case in point, I believe extending information about how that will function on the ground directly to landholders is going to be really critical. I would see that similar information and education extension role being really key in some of those other sectors, including the renewable energy sector—bringing information to communities and landholders at a time when they need it and in a way that they can digest it. Exactly what the form of that looks like is what we are talking with stakeholders about now. We know that there is demand for face-to-face extension and engagement type services out there. That is what we hope to build the capability and capacity to do more of across the state over time.

Mr WATTS: Over time we have seen the RIDA process morph. Do you have any advice, given the potential for an expanded remit, as to what that RIDA process should look like? Is there anything we should be considering in terms of how that would operate going forward?

Mr Squire: In terms of the advice from the commission around the Regional Planning Interests Act and RIDAs, in 2021, I believe—I am testing my memory now—the commission undertook a review of the Regional Planning Interests Act at that time and made recommendations to government. That preceded any recommendations around subsidence contained in this bill. Any formal position of Queensland is consistent with that particular review and the recommendations. Any future advice on RIDAs or the RPI Act would be informed by further engagement that the commission may or may not undertake depending on our—

Mr WATTS: Specifically, I am asking around renewables and how they might interact going forward with a RIDA process.

Mr Squire: At this point in time, having not yet delved formally in any way into the renewables sector, certainly we have not formed any views or undertaken any work around that. I think it plays, interestingly, in the commentary in our submission around our advice role and it could be the type of thing that, going forward, Coexistence Queensland may offer or may be an opportunity to offer some advice to government and stakeholders around that type of matter.

CHAIR: Thank you very much, Mr Squire. Our time has expired. We appreciate the contribution that you have made here today to our committee proceedings. I note that two questions were taken on notice. The secretariat will liaise with you on that. Could we get a response to those questions by 12 pm on Thursday, 16 May? That would be fantastic. Thanks very much for appearing.

DEVINE, Ms Wendy, Principal Policy Solicitor, Queensland Law Society

PLUMB, Mr James, Deputy Chair, Energy and Resources Law Committee, Queensland Law Society

CHAIR: Welcome. I invite you to make a brief opening statement, after which the committee will have some questions for you. Thank you for appearing before us today.

Ms Devine: Good morning and thank you for inviting the Queensland Law Society to appear before you today. In opening, I would like to respectfully recognise the traditional owners and custodians of the land on which we meet. The Queensland Law Society is the peak professional body for the state's legal practitioners. We are an independent, apolitical representative body. My name is Wendy Devine and I am the Principal Policy Solicitor at QLS.

In our written submission QLS highlighted our concerns about the short timeframe for responses to this bill and the risk of unintended consequences given the complexity of the law which is addressed. QLS was very pleased to participate in the consultation on these reforms late last year through the Department of Resources, but we are disappointed that no exposure draft of the bill was then released for review. This means there was no opportunity to consider the detail of the proposed reforms before the bill was introduced to the House. As lawyers, the precise drafting of legislative amendments is critically important to how the law will ultimately work in practice. QLS is particularly concerned about the lack of opportunity to analyse the detail of the new framework for managing the impacts of coal seam gas induced subsidence.

In the limited time available we have identified two particular issues which need further work. Firstly, we recommend reconsidering the level of detail to be left to regulation and other statutory instruments. Some matters should be dealt with in the authorising legislation, and we query whether the right balance has been struck. Secondly, we recommend reconsidering the limited rights of review available during the process for preparing the subsidence impact reports. These reports underpin offence provisions and impose obligations to undertake land monitoring, baseline data collection or a farm field assessment by resource tenure holders.

The bill does provide for public consultation on the draft report, but there is no subsequent ability for affected parties to review the final report before it is approved. We suggest that this process could be improved and that further time and consultation with interested stakeholders is required to develop an alternative process. We also understand that further submissions may have been received by the committee after an extension of time was allowed until last Friday, 10 May. We would be pleased to have the opportunity to review those submissions when they are published and to provide a supplementary submission if there are further issues raised on which we could usefully comment. I am joined today by James Plumb, the Deputy Chair of the QLS Energy and Resources Law Committee, and we would welcome any questions that the committee might have.

Mr WEIR: This is a complex bill. We have just heard from the GasFields Commission and obviously the full structure of how that is going to operate is not clear—OGIA is the same—and whether there is going to be a board to have oversight over OGIA, where the Regional Planning Interests Act is going to sit amongst all this and whether there is going to be a review of it. In your view, does this bill put the cart in front of the horse in many ways?

Ms Devine: Thank you for the question. I will also invite James to make some comments. I think the sheer size of the bill and the complexity of the area of legislation that it affects have caused us some concern. We endeavour to review bills and to provide comments to committees and to provide useful input on whether the bill works. QLS is interested in good law and making sure the law works. When you have a bill like this which interacts with a number of other complex legislative regimes, we are quite concerned that there are unintended consequences. Whether it is drafting of definitions or processes, making sure they all interact and fit together properly is really important and we feel we have not had the opportunity to do that. That said, in relation to the principles in the bill and the broad framework, we are supportive of introducing a framework, particularly in the CSG space. We think as a principle that is a sensible idea and we supported that last year when we responded to the department. However, as we said in our submission, the precise detail is really important and that is where we feel we have not had that opportunity to really engage and provide a useful response.

Mr Plumb: Thank you for the question and thank you for the opportunity to present today. I echo Wendy's comments regarding the complexity of the bill, the interaction of the different elements, particularly of the CSG induced subsidence issue, and the mechanisms and regime that are proposed to be implemented there. As Wendy mentioned, the QLS broadly supports all of the elements of the

proposed bill, but we are concerned and remain concerned there may be elements that have not been fully examined at this stage that could create a number of issues in the implementation going forward. We are yet to see all of the submissions in respect of the bill and, as Wendy mentioned, it would be good to have the opportunity to consider this further in a reasonable period.

Mr WEIR: You talked about the right of review—and that is something that has been raised in submissions—and exactly what is going to be defined as subsidence and baseline data, which does not seem by and large to exist, depending on who you talk to. I know that you are representing the legal profession, but it would seem to me that this could become the subject of a lot of legal challenges and proceedings as it stands.

Mr Plumb: Thank you for the comment. We do agree that this has the potential to be a very complicated area. Obviously, we defer any technical issues associated with the collection of baseline data to entities such as OGIA. Having reviewed the bill in the time we have had available, we can certainly see that the process of gathering additional data, for example, could be problematic. In terms of the ability to give directions to tenure holders to go onto private land and undertake further activities, I personally am not sure whether that creates another right or obligation to seek another conduct and compensation agreement before those further activities are undertaken. Does that create further compensable rights separate to the CSG induced compensation regime that is proposed? We are yet to understand how those sorts of details will fully operate at this stage.

Mr WATTS: One of the areas I am always interested in is sovereign risk created by government frameworks, and Queensland has been doing quite poorly on this. Whilst I do not want you to comment specifically on that, I am interested in your view on legislation and regulation and the number of unknowns that might be created going forward. When legislation comes forward, it puts a lot of things into regulation. Obviously various stakeholders in that legislation have to take protective action. I am interested in what we could do to better manage that and try to remove some of the unknowns.

Ms Devine: It is an area that the QLS is always very interested in reviewing when legislation is introduced. The Office of the Queensland Parliamentary Counsel has published guidelines on how to assess what is appropriate for primary legislation and what is appropriate to be left to regulation and trying to find that balance. We have flagged in our submission that we were not sure whether that balance is quite right here. I think you have touched on the issue, which is that some of these documents and plans that are being left to be defined by regulation have a really significant impact on the parties affected by them, both landholders and tenure holders. Subsidence management plans, the opt-out agreements and the compensation agreements, critical consequence applications—all of those details are potentially being left to regulation. There is a bit of guidance in the bill but not every aspect or element is dealt with. They all have flow-on effects, sometimes sounding in potential prosecution for offences for failing to comply with obligations in those documents.

Where you start to see really important material being left to regulations, that is when people will start raising questions. That is not to say that some technical issues are not best left to regulation, because there is greater flexibility there and they are less controversial, if you like. Where it is an important matter that goes to the substance of the act, we would suggest those issues need to be reconsidered. If that recommendation was not to be accepted, we think it is really critical that there is adequate consultation on the draft regulation before it then takes effect and before it is tabled so that those who are affected by it have that opportunity to consider, comment and understand it before it takes effect and before they are bound by it.

Mr WATTS: If someone was looking to mitigate an effect of the legislation and this level of unknowns, would you say they would normally put in a legal contingency, therefore increasing their overall base cost, whether it be a landholder or a gas company?

Mr Plumb: Speaking outside a purely legal perspective given my involvement in different industries over the course of 20-plus years in practice, it is certainly the case that an uncertain legislative regime adds costs to whomever it might impact. An unclear and an uncertain legislative regime impacting upon developer proponents might at the least lead to a wait-and-see scenario where new developments are put on pause because of the uncertainty associated with the introduction of the new changes. Alternatively, activities are scaled down. Certainly the same would be on impacted stakeholders, landholders in particular: the uncertainty associated with the implementation of this regime might mean that they cannot develop their operations as they otherwise might. You have a wait-and-see approach or you have additional costs implemented while they cover contingencies, so to speak—so yes.

Mr SULLIVAN: My question is a follow-on from the last contribution from Ms Devine in terms of regulation versus legislation. I think there has been a line of questioning already—and everyone agrees—that this is very complicated legislation and implementation will be complicated as well. Is there not a benefit of using regulation so that if there are tweaks or clarifications that need to be made they can be done through regulation rather than going through this legislative process again? That is one of the purposes of regulation, right? Secondly, there is oversight of regulation because there are parliamentary processes available if people disagree with particular regulation, including the disallowance motion. There is time set aside in the standing orders for that each sitting week. When dealing with a particularly complex area, isn't the use of regulation important to be able to be more nimble?

Ms Devine: Thank you for the question. I think you have absolutely struck on the challenge in finding the right balance between the act and the regulation that accompanies it. Certainly regulations and other statutory instruments provide that flexibility. In the context of something that is changing rapidly, we would generally be comfortable where it is technical information, where it is a guideline, where it makes sense to be able to react quickly to a change that that is something that is left to regulation. However, we regularly see acts which have high-level principles or elements of key concepts, if you like, and those can properly and easily be defined in the primary act. That is where we suggest that, with the benefit of more time, you might find a better balance of putting some of those key elements into the act itself so that people have certainty around what a particular plan will deal with and that is something the parliament has greater oversight of, if you like.

Just to comment on the disallowance motion, certainly that mechanism is there and is available to parliament if they feel that the regulation tabled is not something that they wish to stand. I would also flag that, for the period of time that that regulation is made, it is in force until such time as the parliament disallows it. That can have consequences if that regulation underpins, for example, a prosecution for an offence. It is really important to find that right balance.

Mr SULLIVAN: Assuming the bill is passed, what sort of education or consultation do you think is required to get people across the information that is involved in this bill?

Ms Devine: I feel for our members. We will need a bit of time to work through with our experts, with our committees, to understand the significance of the changes. Certainly we heard from the GasFields Commission, soon to be Coexistence Queensland if the bill passes, and I am sure they will have turned their minds to their education program as well. James, do you have anything to add?

Mr Plumb: Obviously it will take some time for the lawyers to get up to speed, so I guess it will take potentially longer for a number of impacted stakeholders to understand fully as well. Different elements of the bill impact different parts of the industry in different ways. The education process is going to be very different. The renewable energy sector associated with the expanded potential remit of Coexistence Queensland will be very different to CSG focused subsidence issues, for example. The processes will be very different. I can imagine lawyers spending some time in areas that I am thinking of, working through this very carefully with their clients, which will add time and cost to operations.

CHAIR: I imagine they are already working fairly closely with clients when it comes to the subsidence issue, based on what we heard last week.

Mr HEAD: Australia has been built on the foundation of property rights. If this legislation and following regulation are not refined correctly, could we see severe consequences in the property rights space for either party—both industry and primary producers?

Mr Plumb: At this stage, our review has not identified material changes or incursions into that area. What we have seen on the renewables side is incremental, and certainly something like the CSG induced subsidence regime that is proposed does not fundamentally change the existing access regime that is in place for coal seam gas development. It does have material impact—and it will have material impact—on those farmers and operators who are particularly impacted in terms of how that risk and those damages are addressed going forward. Respectfully, I do not consider at this stage there to be too many material impacts of the bill that will fundamentally change property rights in Queensland.

Mr WALKER: There were concerns raised that there may be unintended consequences arising from the changes in the bill. If the bill is passed, do you think a review of the bill is required? If so, what would be a good time frame for that review? Bearing in mind everybody knows that the industry changes with technology and property rights need to be taken care of, what sort of time frame do you think is a good time for a review, if any?

Ms Devine: That is not something we have turned our mind to as a committee, so you can perhaps take these comments as personal experience. In something this complex, I think perhaps that is a good approach to take. If the bill was to be passed before we have had an opportunity and before other stakeholders have had an opportunity to iron out any concerns, somewhere between 12 months and two years would probably be reasonable. It may not, though. Some of these processes, I suppose—preparing a management plan, working through the impact report process, working through the management plan process, negotiations between affected landholders and resource holders—will take months, if not years, to work through. Perhaps some of these unintended consequences may not be clear for some time.

Mr WALKER: The coal seam gas industry and subsidence is not a new issue. It has been around for a long time and it is in a state of flux. Legislation is constantly being looked at. There are issues raised by stakeholders. That is why I asked that question. You would prefer not to have a review?

CHAIR: I think there was an indication that a review in a 12- to 24-month time frame would be something that would be appropriate.

Ms Devine: I think we would support a review. I would just caution that, with some of these processes being quite long-term, reviews are appropriate but they may not tease out all of the issues at that point.

CHAIR: Our time has expired. There were no questions taken on notice. Thank you very much for your contribution today. It is very much appreciated.

DUGUID, Ms Nicole, Policy Director, Queensland Resources Council

GOSSMANN, Ms Lidia, Resources Policy Adviser, Queensland Resources Council

HEWSON, Ms Janette, Chief Executive Officer, Queensland Resources Council

CHAIR: I invite you to make a short opening statement. Then the committee will have some questions for you.

Ms Hewson: Thank you for the opportunity to be here. We are the peak body for Queensland's minerals and energy sector, as I am sure the committee is aware. We are also a key driver of Queensland's economy and we are the state's largest export industry. I will just give a few facts to set that scene. In 2022-23 the Queensland government received over $18 billion in royalties from the resources sector. In addition, the industry contributes a total of about $117 billion to the Queensland economy. To put it in simple terms, we contribute one in every four dollars of Queensland's economy and we support over 530,000 jobs directly and indirectly. That is the equivalent of one in six Queensland jobs.

I want to start with some general observations. The QRC and its members are committed to successful coexistence with landholders and the local community. This is an integral part of the business. That coexistence agenda must achieve the following balance: the needs of landholders and also to support the growth and sustainability of our industry to ensure long-term economic prosperity for our regional communities. Also, very importantly, it needs to provide simple, effective and timely resolution solutions for all stakeholders. You will hear me talk about that later.

We also support the overarching vision of the Queensland Resources Industry Development Plan, which is to develop a resilient, responsible and sustainable Queensland resources industry that grows as it transforms. For reasons I will explain soon, we do not believe that this bill will achieve those objectives. I would also like to point to the federal government's Future Gas Strategy, which was released last week and which I am sure the committee has seen. I am going to read one of the strategy's key principles—

> New sources of gas supply are needed to meet demand during the economy-wide transition. Government policies to enable natural gas exploration and development should focus on optimising existing discoveries and infrastructure in producing basins.

We think the proposed subsidence management framework will be counter to that intention.

There are several aspects of the bill that we are concerned with which create an environment, in our view, that is counterintuitive to providing that sensible and timely coexistence and resolution framework and are likely to lead to unintended consequences, impacting investment in the resources sector and ultimately affecting Queensland's long-term energy security. When Queensland's resources and energy security landscape is affected it can have long-term, profound impacts on Queensland's economy and prosperity, Queensland jobs and Queenslanders' cost-of-living pressures.

I also want to talk about the consultation process that has been undertaken leading up to this bill. This is a really complex and highly technical, 300-page bill. There has been no exposure bill or detailed draft material published prior to the bill being introduced to parliament. We have had opportunities to sit down with the department and talk about some of the material concepts, but until such time as you actually see the detail in an act it is very difficult to understand how it is going to operate and what those unintended consequences are. Importantly, there has been no regulatory impact statement developed as part of this legislative process, and we think that is not good policymaking.

There have also been very limited time frames for all stakeholders to respond to the complexities of this bill and provide meaningful and well-considered feedback to this committee. In fact, there has been less than 15 business days. The truncation of time frames in the parliamentary committee process to hasten the bill's return to parliament sets a concerning precedent for other legislation to be fast-tracked without regard to a thorough and considered parliamentary committee process. This is not an issue that impacts just us as the industry: we believe it impacts all stakeholders. To highlight this, the financial provisioning provisions that have undergone more significant detailed consultation with stakeholders last year included a regulatory impact assessment, so we wanted to call that out and show the difference between that and other parts of this significant bill.

I will now turn to more detailed feedback for the committee. There are four key areas of concern for our industry, and we ask the committee to consider these. We would like to withdraw the subsidence management framework from the bill at this stage. We support coexistence with landholders, but we believe this bill increases delay and uncertainty, which not only affects our industry but landholders as well. We do not believe this is the right solution. We request that the department further engage with all stakeholders to develop a more workable solution to the problem it is trying to solve. By that we mean a simpler and timelier resolution for any stakeholder concerns. We also want to make sure that we remove duplication with the Regional Planning Interest Act and also, importantly, that those new framework provisions contain appropriate transitional protections and arrangements.

We also ask that we remove the new industry levies associated with the changes to the Land Access Ombudsman and the Office of Groundwater Impact Assessment. The coexistence funding model proposed in this bill has not had any regulatory impact assessment, we believe, to assess that; nor has there been any detailed consultation with the industry prior to introducing these changes to parliament. We also ask for the withdrawal of the strategic land release sections in the bill, as we believe this may have an impact on smaller explorers. We also ask for changes to the aerial survey amendments to extend the proposed exception to provide an entry notice to aerial surveying undertaken below 1,000 feet.

I will explain in more detail the subsidence management framework. As I said, QRC and its members support sustainable coexistence; however, we believe there are many aspects of this framework that will not achieve that for landholders, nor for industry. There are multiple aspects of the framework that lack clarity and detail, and without further refinement we believe these pose implementation challenges and unintended consequences. There are existing land access and environmental management regimes and regulations already at a state level—including the Regional Planning Interest Act—and federal level that are already in place to identify and manage subsidence impacts, so this is going to result in a further framework which we believe in many cases regulates the same impact but has different considerations and different enforcement and compliance pathways. This creates confusion and increased red tape for all stakeholders. Project delays and uncertainty due to protracted time frames, including introducing provisions that have the potential to halt production on new wells, adversely affect a tenure holder's ability to conduct their business with no reasonable justification. Increased delay and uncertainty also affects landholders and industry and it is not a solution, in our view.

We are also very concerned about the lack of transitional provisions for existing tenure and operations and we believe that these may actually impose restrictions on existing approved and constructed development and may result in significant delays for production, resulting in potentially stranded assets with infrastructure lying dormant and significant consequences for project feasibility and ongoing operations. We firmly believe that this framework as it currently stands is not adequately prepared. We also recommend that further stakeholder engagement and collaboration is required to identify potential shortcomings and mitigate those unintended consequences that may arise from implementing this framework. We are very prepared to sit down with the department and all stakeholders, including those from the agricultural sector, and work out what is the best way forward for this and provide that further detail and clarity.

With the coexistence institution funding model, we obviously support the proposed expanded functions of the GasFields Commission Queensland to Coexistence Queensland and the expansion of the Land Access Ombudsman and the Office of Groundwater Impact Assessment. We believe that this can support better coexistence outcomes. However, to have a proposed funding model where we have no detail as to how it is going to be calculated, the actual rate, the method of calculating the cost recovery model or levies makes it extremely difficult for us to understand what those financial implications are for industry. We also believe that both OGIA and LAO should be state funded entities due to the nature of their activities within a coexistence framework. The industry already pays significant royalties to government which could be used to support that coexistence framework. Again, there has been no regulatory impact statement for us to understand what that impact will be to our industry.

CHAIR: I do not want to interrupt you too much, but we would like to leave some time for questions. Have you got much further to go?

Ms Hewson: I do, but most of those relate to the points I have already raised. Maybe I could add some short closing comments.

CHAIR: That would be great, thank you.

Ms Hewson: As I said, we remain willing to collaborate with all stakeholders, government and other peak bodies to find solutions to what we recognise as being complex and technical issues and also to provide greater certainty for landholders, industry and the broader community, which we hope would then avoid these unintended consequences that we have spoken to you about today and I also heard from the previous speaker. We firmly believe that by fostering a collaborative approach we can not only safeguard the interests of all stakeholders but also create a regulatory environment that promotes coexistence and sustainable growth and development and, importantly, will deliver the resources that Queensland and our export partners rely on. The resources sector is a strong supporter of regional communities and coexistence outcomes and we have been a longstanding partner adding to the strength and longevity of these regional economies. We want to see that regional Queensland growth and prosperity and, importantly, we also want to promote a world-class coexistence agenda, and that is why we ask that these changes are made to the bill so that we can work with the department and stakeholders to achieve these important objectives. Thank you.

Mr WEIR: It is a very large and complicated bill. As you said, we are getting requests for additional submissions because of the time frame. You have suggested that the subsidence management framework be withdrawn from the bill. What part of the bill would you like to see excluded? There are other parts of this bill that unfortunately are not getting a lot of attention because the subsidence framework is drowning everything out.

Ms Hewson: I think it would be a fair comment that, in the limited time we have had, our members have really been focused in on that subsidence management framework, given the potential for big impacts on how their development and their existing production works. I think we have done the best we can in three very short weeks to consume that and talk to our members. Importantly, it is that part of consultation which is where our members need to go away and think about how this will actually work in practice. Our attention has been on that subsidence management framework, but we have also been trying to provide a solution so that the bill can proceed in some form but pulling out those sections to make sure there is adequate time to come up with, as we said, a more workable solution. We are meeting with the department this afternoon to talk through our concerns. That, I suppose, shows the difficulty with the time frames in that we are seeing the department after we come to see the committee. We are concerned about how we make sure that feedback is considered and also, importantly, to consult with other peak bodies, particularly in the agricultural sector.

CHAIR: Subsidence is not a new issue to anybody. If you are meeting with the department, what are your thoughts on the alternative? If you are asking for this to be removed, what is the position of QRC in terms of the alternative? I assume you have consulted broadly with stakeholders across the board.

Ms Hewson: We have, but we have also had three weeks where we have been focused in on what is in front of us in this bill.

Ms Duguid: I think the complexity of the bill is posing difficulties for everybody to understand the unintended consequences, and that is what we are quite concerned about. I think you heard before from the Queensland Law Society that the unintended consequences are posing difficulties for their members as well, because we do not really know what is going to be the outcome because we have not had the time to think through the problem and also the solution. In relation to one of the other comments, what we are supportive of here in the bill—

CHAIR: My specific question was: what is the alternative proposition from the QRC if it was to remove the subsidence framework from the bill? We certainly heard from stakeholders in Dalby and Toowoomba last week and across those regions you are talking about that there are two competing sides of the ledger. I am keen to hear what you believe the alternative framework might look like and what those discussions with the department this afternoon might look like.

Ms Hewson: I think our preference would always be to look at what is existing in legislation and whether there is potential to work within that framework that is already existing. Where we have subsidence that is already regulated by other state legislation, by federal legislation and then now in this bill, it does create that uncertainty and that sovereign risk. I am not sure why we need three different pathways to deal with one issue of subsidence. We want to deal with the issues, but we also want to make sure we do it in a really simplified way. I do not know if it is in any stakeholder's best interests to have three or four pathways to pursue in order to get a resolution of what is obviously an issue of concern to the landholder.

CHAIR: Based on the contributions from witnesses that we heard last week, subsidence is not a simple challenge. It would be remiss of a number of stakeholders to suggest that the mechanisms and the framework needed for managing subsidence are a simple process.

Ms Hewson: I am not suggesting it is a simple issue. What I am asking for is a simple solution and a uniform solution in order to resolve issues.

CHAIR: What I am saying is that the solution might not necessarily be simple for a complex problem.

Ms Hewson: I think what I am asking for, though, is that the process to be followed is a simpler process, and if we already have existing processes—again, because no regulatory impact statement has been prepared, we are not sure whether there was consideration made of using those existing pathways and why those pathways were found to be inappropriate to resolve. Having multiple pathways just creates more uncertainty. It creates more complexity, and that is not just for industry. I believe that would be for the landholder as well. If I were a landholder, I would like to understand that there is one pathway from a state perspective and to truly understand that and be able to utilise that to resolve any issues that I would have.

Mr WEIR: That is one of the big challenges. Landowners are spending so much time on this away from their work. Is that what you mean when you say that this could delay production—the uncertainty with bringing new projects into production? What is your basis for that?

Ms Hewson: It might help if Lidia explained just what that impact could be on existing infrastructure, remembering that there are gas wells and infrastructure. I am sure the committee understands how that works. Lidia, could I pass it to you?

Ms Gossmann: Thank you, member, for the question. The answer is quite technical, but, to be put simply, when you are in a gas field, each well is part of a network of multiple wells all interconnected to a pipeline of gathering lines. If production is halted on one well it could have an impact on the entire network, and that could have a knock-on impact on production targets as well.

Ms Hewson: It is all about how you balance depressurising. Obviously I am not a technical person on that, but it is one of those things where you could have existing infrastructure that is operating, you have landholders who have existing compensation agreements with the relevant producer for those areas and then if there is a potential impact somewhere else that might actually halt bringing on those wells or potentially change the way the existing infrastructure is produced. Again, this is the real-life, practical operation of a 300-page technical bill, and that is why it takes time and also requires appropriate consultation with the right level of detail between not only industry but also landholders to make sure all stakeholders' concerns are included so that good law is passed.

Mr HEAD: You made comment on other processes for dealing with subsidence. Are you able to comment on how many licences, laws and regulations currently dictate subsidence related monitoring requirements or processes?

Ms Hewson: I do not have a list of them. I am happy to provide that to the committee, just to give you that sense of what are those other pathways.

Mr HEAD: If that is okay.

Ms Hewson: I think the department is probably best placed to answer that question for you. I am sure they have considered that as part of this.

Mr HEAD: Further to that, do you have any information on behalf of your members that could be shared relating to when companies started monitoring for subsidence or when they were required to start monitoring for subsidence across their resource area?

Ms Hewson: I do not have that detail on me, I am sorry, member for Callide. Again, if that would assist the committee we could provide that on notice.

Mr WATTS: We look forward to hearing from you after you have spoken to the department. Thank you for being here today. It is a big bill with lots in it. I just want to focus on one thing, which is sovereign risk and the process we have gone through but specifically in relation to the funding of the model and the unknowns that are in that and what that might cause industry to do as a reaction—financial obligations versus sovereign risk and how we should be managing that for this multibillion dollar industry.

Ms Hewson: In terms of sovereign risk, I would say that the subsidence management framework would probably create more sovereign risk for our members, obviously, because it impacts potentially existing infrastructure and planned infrastructure. In terms of the funding model, if a funding model is proposed then we would expect that sufficient work has been done in terms of the basics that are going to make up that funding model. We think they should be able to be shared with industry

prior to a bill being introduced into parliament. When you think about something in isolation, the committee might think, 'Well, it is just one more cost. How much could that impact?' but when you add onto it the cost of all of the other regulatory compliance and approvals requirements, as well as the fact that we have duplication of regulation, that is the bit that causes sovereign risk.

The most important thing for industry is: when they make an investment decision, they make an investment decision based upon what they understand the laws and regulations to be and, importantly, the approvals they obtain in order to make that investment. When the goalposts change, that is what creates all that uncertainty and changes the perspectives of those investment decisions. It is not just one thing that is changing; it is multiple things that seem to change in that regulation. I am sure the committee has been very busy in the past 12 to 18 months in terms of changes that impact not only our industry but also others, and this is this issue that the goalposts cannot keep changing without having an impact on investment confidence.

Mr WATTS: In relation to timing, some of the provisions in this bill may change the timeline for bringing things to production—or not—or impact on their operation. What does that do to sovereign risk, with an unknown timeline being presented?

Ms Hewson: I would expect that producers have a clear development plan and scheduling. They obviously use the services of suppliers, including local suppliers, and would plan out their development schedules with significant detail and forward planning, because obviously you need to mobilise people to site. You also have to liaise with landholders. Landholders want that certainty, too, of understanding that a company would be coming onto their land to install certain infrastructure at a certain time so that they could organise their own landholder activities according to that. There are all of these changes. We have concerns, too, about just how long it might take to do these field assessments and the availability of experts who are able to go in to do the works required. We see there being quite a bit of delay, and that is going to impact operating costs and create that sovereign risk uncertainty.

Mr SULLIVAN: Following on from that line of questioning and your previous comments in terms of the cost of regulation and the consideration of sovereign risk versus profit, can you inform the committee of the profit margins of your members for last financial year?

Ms Hewson: I do not have that detail, member for Stafford. This is about, though, a 300-page bill that we were quite surprised to see for the first time when it went into parliament. Obviously, our members are trying to absorb that.

Mr SULLIVAN: Sure. I guess my question was pretty specific, though. Can you take that on notice in terms of the profits of your members?

Ms Hewson: I do not think that is a relevant consideration for this inquiry.

Mr SULLIVAN: You do not think the profit margin is relevant to the consideration of sovereign risk?

Ms Hewson: I think what is relevant for sovereign risk is when producers receive state and federal approvals and regulation changes suddenly and without significant consultation. I think that is where the sovereign risk is.

Mr SULLIVAN: Sorry, you are the CEO. You genuinely do not think consideration of profit is a consideration as to whether or not companies invest?

Mr WATTS: They are publicly listed companies.

Ms Hewson: There are many reasons companies invest in Queensland. They will certainly look at the state of regulation in a particular jurisdiction in making decisions on whether to invest. There are many factors involved.

Mr SULLIVAN: And whether they can make a profit out of the resources of Queenslanders.

Ms Hewson: Resources companies pay significant royalties to the people of Queensland. It is not under any debate that that is the right thing to do. It is about making sure the right balance is struck between the level of royalties and certainty of regulation to ensure Queensland continues to be an investment destination for the good of Queenslanders.

Mr SULLIVAN: And consideration of where profit sits in that matrix.

Ms Hewson: The subsidence management framework provisions are about making sure we resolve landholder issues in respect of subsidence.

Mr SULLIVAN: You spoke about the cost of regulation. I am struggling to understand why you cannot say that the consideration of profit is not a consideration for your members to invest or not. Is that basic concept not acceptable to you?

Ms Hewson: My comment earlier, member, was about the fact that investment decisions are made and there would be money invested in gas fields to get infrastructure going. If there were a change in particular wells coming on at the appropriate time that it was originally scheduled, that would obviously have an increase in costs potentially for the mobilisation of crews. They might have to be sent away to another area at additional cost. That was my comment.

Mr SULLIVAN: Sorry, you did not accept the simple premise that a significant element of your members' decision-making process is profitability?

Ms Hewson: I am a little bit confused by why that question is critical to this 300-page bill. We have come here today—

Mr SULLIVAN: Because you specifically mentioned costs—

Ms Hewson: I have, and I explained why.

Mr SULLIVAN:—and sovereign risk. Those two elements go to profitability; is that correct?

Ms Hewson: There will always be impacts from regulation that increase costs and, obviously, that would affect a producer's bottom line. But this is about actual delay to development plans. That is what the issue is. We do not dispute the fact that we need to have good coexistence and a timely way of resolving issues.

CHAIR: Terrific. That concludes this session. Time has expired. Thank you very much for your attendance today. Two questions have been taken on notice. The secretariat will liaise with you on those. If we could get responses by midday on 16 May.

Ms Hewson: Thank you, Chair.

CRONIN, Ms Rachael, Vice-President, Safety, Sustainability and People, Arrow Energy

DENNER, Mr Stephen, Manager, Groundwater, Arrow Energy

CHAIR: Thank you for joining us and thank you for taking us through your business last week when we were in Dalby.

Ms Cronin: You are more than welcome. Thank you for having us.

CHAIR: Would you like to make an opening statement?

Ms Cronin: Good morning. Thank you very much for having us today and thank you for the opportunity to appear and give our position on the Mineral and Energy Resources and Other Legislation Amendment Bill. I would also like to take the opportunity to acknowledge the traditional owners on whose land we meet today and pay my respect to their elders past, present and emerging. I would like to introduce Stephen Denner, our manager for groundwater, who will assist me today in case there are a few technical questions I am unable to answer.

This bill is really important. It is important to give certainty to both the agriculture and gas industries so that we can continue to be productive side-by-side. It is really critical to get the balance right. Arrow supports the government's approach to managing emerging issues such as subsidence and we have worked in good faith with the department to try to develop a workable coexistence framework, but there are several significant concerns raised in the consultation period that we do not feel are adequately addressed in the bill. This does put gas supplies, regional jobs and hundreds of millions of dollars of economic benefit to Queensland at risk.

The intent of developing the subsidence framework was to provide more certainty to landholders about subsidence based on science. The process allows for and acknowledges the cumulative nature of subsidence and its related impacts. The framework was also to give certainty to gas companies by allowing production to continue where there is a defined pathway to manage those cumulative impacts.

The proposed legislation provides a framework that is unnecessarily complex and with a large amount of detail to underpin the legislation not currently available at this time. It also creates some regulatory uncertainty as there is no clarity about how this operates with the Regional Planning Interests Act. As drafted, there is the potential for some activity to be assessed under different frameworks with different criteria with different remedies and different penalties. The RPI Act was not structured to consider the cumulative impacts. This is why groundwater impacts are not currently considered under the RPI Act but groundwater is managed by its own cumulative management framework known as 'make good'.

The other concern is the impact the draft bill will have on our landholders who are supportive of the gas industry and who are relying on gas activity for their future plans. We have been operating in the Western Downs for 20 years and have mutually beneficial relationships with hundreds of landholders. Through our conduct and compensation agreements and other agreements, we have been able to extract gas and provide beneficial outcomes to improve agricultural properties. We do accept there are some landholders who would still prefer not to engage with a gas company at all and, where possible, it is our plan to try and avoid those properties where we can. The current framework allows this to work. While these landholders are often not supportive of the industry operating near them, there have been some workable coexistence solutions. However, the draft bill creates a pathway for a small number of parties to impinge upon the rights of a substantial number of landholders who are supportive participants in the gas industry. The compounding uncertainty from the bill introduces sovereign risk on already granted petroleum leases and investment decisions we have made. It creates uncertainty about the future investment in particular areas of the Surat Gas Project which may become unviable. As drafted, the bill also has the potential to intensify impacts on the east coast gas crisis. For Queensland, this would result in a loss of royalties, regional jobs and benefits to local businesses.

To be really clear, Arrow is supportive of a subsidence management framework, but, before this bill becomes law, we would like the opportunity to work through some of the details and provisions more fulsomely and work with government to ensure these provisions are removed from the bill but returned later, after we have had time to consider them more fully. In the event the committee is not prepared to recommend that to parliament and to separate the bill, there are seven key areas for improvement that we believe are critical to making the bill work. They are included in our submission.

We do support the concept of a subsidence management framework. Reports done by OGIA and the GasFields Commission state that the impacts from CSG induced subsidence should be manageable. The OGIA 2021 report references that a maximum change in ground slope from CSG induced subsidence in most areas is predicted to be less than 0.001 per cent, or 10 millimetres, over one kilometre but could be up to 0.004 per cent, or 40 millimetres, over one kilometre in some areas, and there are some areas of the landscape that will have more significant concerns. They also reference that there is natural ground movement, which is plus or minus 25 millimetres each year.

The changes suggested in our submission maintain the integrity of the proposed framework but allow for a workable outcome that provides certainty for landholders who are supportive of CSG development and also provide a pathway to investigate the concerns based on science. We have detailed these changes in our submission. Thank you.

Mr WEIR: I take it that the main part of your submission is your preference that the section dealing with subsidence management be removed and brought back in a standalone bill; is that correct?

Ms Cronin: With adequate time to work through some of the considerations. Our position would be that there are currently other frameworks that perhaps could provide more certainty and find more alignment. Take for example make good. If subsidence worked in a similar way to make good and followed similar provisions that people understood, we think that would be an easier, more workable solution for both landholders and companies. It is a new framework with new complexity that has new risk.

Mr WEIR: You talked about the risk to existing development or existing wells. What do you mean by that? How would it affect those?

Ms Cronin: Thank you very much for the question; I do appreciate it. At the moment when we are planning to do a development, Arrow will look to undertake work in a batch. As an example, it could include up to 40 wells. We plan that work months in advance. At the moment, if a subsidence impact report is released in areas of land categorised as category A, any of that work will more than likely need to be pulled up while we work our way through it. It is not just pulling up impact on one well; it is pulling up impact on anything identified in that area.

The other issue is that, because subsidence is a cumulative impact, the activity of one well is not the issue; it is the total activity that has been happening in that region over many years. There have been other companies and other producers that have been operating in that area. The risk to us is that, in order to manage that framework and make sure we have all of the approvals and agreements in place, we may need to refrain from executing any of those batches of work and redirect them to another time. That could see a delay of maybe 18 months while we work through the process. It is hard to know because we have not seen the detail on how category A or category B land will be identified, what is involved in a farm practice assessment or what is involved in an acceptable subsidence management plan.

In our submission we have asked that where we already have a CCA or another agreement with a landholder, where they know that production will happen, those properties be exempt from the restriction on production. While this is still a clunky solution, it is workable solution that may help us to manage that sovereign risk.

Mr WEIR: What exactly fits into each of those categories does seem a little bit cloudy.

Ms Cronin: Yes.

Mr WEIR: The definition of category A, B or C could impact on not only where new development is to be but also your existing wells; is that what you mean? What is prime agricultural land?

Ms Cronin: It is really quite complex. As we read the bill and try to understand what was presented as part of the hearings and what is in the explanatory notes and what is drafted, the definition of agricultural land in the bill is really broad. It talks about any land inside the cumulative management area or the subsidence impact report. They have a definition for agricultural land which is very broad, but at this point in time we do not know if that definition for agricultural land is limited by the subsidence management impact report or the relevance to category A, category B or category C land. Even though the department referenced that if a well was producing at the time it was implemented it would not need to stop producing, I do not know that that is necessarily clear inside the framework because of the way the definitions are crafted. I think those are the issues we need time to work through—or maybe that is a drafting error the department can consider to work out how to provide some certainty.

Mr WEIR: What is your understanding of where the Regional Planning Interests Act sits over the definition of A, B and C?

Ms Cronin: I think that is a really good question. I do not know that it is clear in this process. As other presenters have said, we have the Regional Planning Interests Act that currently sits alongside this framework. When consultation started, I believe the intent was to make amendments in both acts at the same time. When we look at how the Regional Planning Interests Act considers groundwater as a cumulative impact, it refers to the management regime of make good under the Water Act. I understand it does that in its guidelines. Currently the RPI Act and its associated framework does not make any reference to how subsidence can be managed in terms of impact. There is a lot of uncertainty around that. The RPI Act talks about infrastructure and infrastructure on lots and properties; it does not specifically address cumulative impacts. At least that is my understanding.

Mr HEAD: When was Arrow first required to monitor for subsidence on the Darling Downs?

Ms Cronin: When we did our EPBC federal government approval back in 2012, it included a water monitoring and management plan requirement that required us to monitor for subsidence.

Mr HEAD: At what point did the state government require you to monitor for subsidence?

Ms Cronin: We have been providing lidar to the state for many years. If I go back to my notes, from 2012 I think we have done nine lidars. It is my understanding that the first time the state provided any insight was in an Office of Groundwater Impact Assessment report in 2021. We have also been using the lidar and InSAR data. We have data back to 2006 that is available for companies and OGIA to use.

Mr HEAD: Could you provide some insight into how accurate that data is?

Ms Cronin: The accuracy of the lidar data?

Mr HEAD: Yes, that has being collected, yes.

Mr Denner: Thank you for the question and for the opportunity to be here. The accuracy of lidar has increased over the years. As Rachael said, we have collected data since 2012 and undertaken nine surveys. The most recent data that is commissioned by us has an accuracy of plus or minus five centimetres. That is at what they call a 67 per cent confidence interval.

Mr WATTS: I note that your first recommendation is to remove a section. I turn to recommendations 5 and 6. If that was not to happen, could talk us through dispute resolution as you would prefer to see it versus what is being proposed? Could you also speak to the appeal rights in the context of creating some sovereign risk around both timelines and finances for organisations that need to use those two mechanisms?

Ms Cronin: In this bill, the state is proposing to broaden the rights and remit of the Land Access Ombudsman. It is our suggestion that, because the subsidence management plan is the outcome of the farm field assessment and it is something that the tenure holder and the landholder would work to agree to, the most appropriate place to decide the final subsidence management plan if we are unable to reach an agreed outcome would be the [Land Access Ombudsman. It is less confronting than the Land Court. It has less cost associated with it. I am not saying that in terms of a company's point of view but from a landholder's point of view. It is much less confronting. The Land Court would still remain the appropriate place for the subsidence compensation agreement. Our suggestion is that it should follow the current compensation regimes within MERCP, which says that if you are unable to reach a compensation agreement the matter is referred to the Land Court. That makes sense. That is absolutely supported. We feel that for the subsidence management plan, which is about working through what you might do if subsidence impacts are eventuating, it is more appropriate for the [Land Access Ombudsman.

Mr WATTS: What is your suggestion on appeal rights?

Ms Cronin: It might be an interpretation issue, but it reads as though when the minister makes a decision on the critical consequence piece—the Queensland Law Society referenced other parts of the bill they had concerns with—the minister's decision is final and there is no opportunity to appeal or review that decision. That could detriment a tenure holder but it could also detriment the landholder. Our suggestion would be that due process is followed, so good legislative principles are followed, and that there is an opportunity to have that decision reviewed in an appropriate court.

Mr WATTS: In balancing these two competitive rights that have been issued by government—one below, one above—if there was an appeal process, where should that go?

Ms Cronin: It is a good question. I do not know that I am best placed to answer that. What I could offer is that the different pieces of resources legislation currently have different appeal rights provisions. Sometimes it is a judicial review; sometimes it is an appeal to the Land Court; sometimes it is an appeal to the Planning and Environment Court; sometimes it is an appeal to the Magistrates Court. I would suggest that with the appeal rights that are currently sitting in pieces of legislation—for example, to appeal the grant of a petroleum lease—it would be appropriate that we apply a consistent framework that is in legislation.

Mr WATTS: Thank you.

Mr WALKER: What would Arrow currently spend on subsidence issues?

Ms Cronin: That is a great question. I am not sure I am in a position to answer that. I could possibly take that on notice. Broadly, when subsidence is a direct result of the extraction of groundwater and the compression of the coal seam, it is a question of where we would draw the line in terms of how we monitor and manage subsidence. I could take that on notice and provide an indicative figure.

CHAIR: Is your question on notice in terms of the cost of subsidence to Arrow, member for Mundingburra?

Mr WALKER: Yes, how much they spend on subsidence.

CHAIR: I would also be keen to know the quantity, in addition to the cost, of claims around subsidence.

Ms Cronin: I can provide some context. The way I understood the question—it might be worth clarifying—was looking at what we do in terms of research and investment to understand subsidence impacts, so what we invest in understanding impacts that might be happening in a landscape. That is how I understood the question from the member.

CHAIR: Do you want to clarify that, member for Mundingburra?

Mr WALKER: I will give some clarity. I am after the spend in dealing with that issue for the landholder—the impacts on the landholder and what you are spending to make them happy or in dealing with their legal issues—and how much you are spending on legal costs to deal with the aggrieved parties whilst there is subsidence on their property.

CHAIR: So it was more about the individual landholders and the issue of subsidence on those properties—

Mr WALKER: Correct.

CHAIR:—versus what is being invested to deal with mitigating subsidence.

Ms Cronin: I have a level of discomfort in providing any detail on specific landholder issues and specific legal payments, if you do not mind. Many of our conversations with landholders are on a without prejudice basis and I think it is really important that we protect that and maintain that integrity.

Mr WALKER: That answers the question: there are issues, there are legal matters and there are payments. My other question is: has Arrow had an impact on any farming certifications, such as organic certification, on a property?

Ms Cronin: In direct answer to that, not to my knowledge. In relation to the first question, we might be undertaking investigations with landholders around CSG activity and whether that CSG activity and subsidence has or has not had an impact on those farming operations, but I will not provide any confirmation about whether we have or have not made a compensation payment. I think that is an assumption that might be made as opposed to how I have answered the question, if I can clarify that.

Mr WALKER: I suppose you could just say yes or no—you have or you have not. You do not have to talk about amounts or any individual farm.

Ms Cronin: At this point in time, we have not made a direct payment as a result of an allegation of impact as a result of CSG induced subsidence. When landholders raise concerns we do undertake a series of investigations, we look at the science and we provide them with reports that they can consider.

Mr WALKER: There has been no legal action taken against you at any point in relation to issues of subsidence or certification?

Ms Cronin: We currently do not have any matters before the court, but we like to work collaboratively with landholders to find solutions. If we need additional technical or independent advice, we try to do that so we can work through that proactively. I think it is an opportunity for both

us and the landholders to learn more about the landscape. It is in our best interest to work collaboratively with them to resolve the outcome. It is not in our interest to take something to court if we can avoid it.

Mr WALKER: That is one way to answer my question, but has anybody taken legal action against you? You do not have to go to court. Has anybody commenced any legal proceedings against you in relation to those points—subsidence or loss of certification on their property?

Ms Cronin: To my knowledge, no, we do not have any legal proceedings on those.

Mr WALKER: Thank you.

Mr SULLIVAN: To your point around trying to work with landholders, Ms Cronin, can you outline the internal structure or the process for Arrow Energy in terms of engaging with people in the community?

Ms Cronin: Thank you for the question. It is a really good question. I think some of the frustration that landholders feel around subsidence and their concerns about the impact is that there is not a clear process to manage and investigate it which exists in the framework for other activity. At this point in time, when a landholder raises a concern with us about a potential impact on their property we undertake to do a technical investigation and provide a report to that landholder on the claims or issues they have raised and what we think the scientific cause might be. If a landholder is dissatisfied and wants further information, we will meet them partway—

Mr SULLIVAN: I do not mean to interrupt, but what sort of skill set or role does the person who undertakes that have? Are they an engineer?

Ms Cronin: It could be engineering. It could be agronomy. It could by hydrology. It could be geology. It depends on the nature of the concern being raised.

Mr SULLIVAN: I do not mean to interrupt; I am just interested.

Ms Cronin: We do try to match that with the appropriate technical expertise, and if necessary we have additional consultants to assist us if we do not have the expertise in-house. If a landholder is dissatisfied with the report and feels there are things we have not addressed, we do offer to share the cost with them for a mutually agreed independent third party to do a further investigation. If that independent third party reaches a view that says those impacts are a result of Arrow's activities, we meet the full costs of that report and then work through a remediation and consultation pathway with them as required. The legislation does require us to do that.

CHAIR: What would the quantum of that look like in property owners who are in that process with you? Are we talking about five farms, six farms, one farm?

Ms Cronin: Four.

Mr WEIR: The role of OGIA basically is subsidence management programs. Do you think the data exists to begin that process? Who has access to the data? We heard some scepticism from landowners around some of the data. How can that be validated to give confidence to both sides about the data that is being used?

Ms Cronin: That is a really good question. I will endeavour to answer that in layman's terms, if I may. If you have an opportunity to have an engagement with the Office of Groundwater Impact Assessment to talk to them in some detail about it, that would be a recommendation because (a) they are very technical and (b) they can explain it in a way that is consumable for someone like me who is not a groundwater specialist.

As I understand it, OGIA have lidar data back to beyond 2012 and InSAR data back to 2006. They have been using that to do both predictive modelling and pre-emptive modelling based on what a company's plans are—so their future development plans—in the same way they have done for groundwater. Part of their process, as I understand it, is also to go back and history map. So they go back and have a look at what they had predicted versus what had transpired, and they look at the changes in terms of development plans, activities, locations. They use that process as a way of improving their understanding of their models and how they operate and the science.

I also understand that they are now looking at opportunities where they can try to manage the background movement on the landscape—so what would ordinarily be subsidence that does or does not happen ordinarily in the landscape as a result of weather and other activities. There is groundwater extraction that is happening locally via landholders. There are obviously rain related impacts that address the moisture content in the soil. I understand they are doing quite a bit of that and they are able to systematically improve those models with each iteration. Does that provide you with some level of advice?

Mr WEIR: It sounds like it is still ongoing.

Ms Cronin: Stephen, is there anything you want to add?

Mr Denner: No.

Mr HEAD: This fits into the need for good data as well. How much does the regional geology impact subsidence patterns and amounts across an area? Could you provide some technical insight into that?

Ms Cronin: I have no idea. I will defer to Mr Denner.

Mr Denner: A number of factors contribute to the magnitude of subsidence. One is the depth of the coal itself and the amount of depressurisation required. That results then in that compaction of the coal. Of course, ground movement itself contributes as well, as does overlaying—that is, different soils have different amounts of natural ground movement. That is also seen in the data. It depends on the depth of the coal, the thickness of the coal, how that is distributed regionally and the production profile as well. As we have said, the subsidence is an accumulative impact, not just from a single CSG well but from the operation of the field.

Mr WATTS: We heard some discussion that, in planning a drilling field, it would be a good idea to start in one place so that if there is going to be subsidence the water keeps moving in the same direction and does not affect overland flow. Is that considered when planning a drilling operation and the logistics of putting that together?

Ms Cronin: I might try to answer that this way. What the science suggests is that the best way to mitigate the impacts of slope change from CSG activity which would result in CSG induced subsidence is to equally drain the field. With groundwater, it would move I want to say relatively uniformly—although I know that is a very sensitive phrase—but the concept would be that it is being drained relatively equally. Also, starting close to the river system helps and working your way out, and Arrow has done that. The risk around linking the framework to production is that it could actually cause more issues than if the field was able to be drained equally by allowing production to continue. Does that answer that? Again, I would perhaps refer you to OGIA, which has been able to do some good models on that. They might be able to answer that question with more specificity than I could.

Mr WATTS: Thank you.

CHAIR: Time has now expired. Thank you for appearing before the committee today. We really appreciate that. I note there was one question potentially taken on notice, and I am not sure what you can or cannot provide. If you want to liaise with the secretariat in that regard, that would be terrific. That answer would be due at midday on 16 May. Thank you again for appearing today and thank you for your assistance last week as well.

Proceedings suspended from 11.21 am to 2.29 pm.

CHAIR: Good afternoon. I declare open the second session of today's public hearing for the committee's inquiry into the Mineral and Energy Resources and Other Legislation Amendment Bill 2024. My name is Kim Richards. I am the member for Redlands and chair of the committee. I would like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders past, present and emerging. We are very fortunate in this country to have two of the world's oldest continuing living cultures in Aboriginal and Torres Strait Islander peoples whose lands, winds and waters we all now share. Other committee members with me here today are Pat Weir, the member for Condamine and deputy chair; Bryson Head, the member for Callide; Margie Nightingale, the member for Inala, who is substituting for Joan Pease, the member for Lytton; Les Walker, the member for Mundingburra, who is appearing via videoconference; and Trevor Watts, the member for Toowoomba North.

This hearing is a proceeding of the Queensland parliament and is subject to the parliament's standing rules and orders. Only the committee and invited witnesses may participate in the proceedings. Witnesses are not required to give evidence under oath or affirmation, but I remind witnesses that intentionally misleading the committee is a serious offence. I also remind members of the public that they may be excluded from the hearing at the discretion of the committee. Media may be present and are subject to the committee's media rules and my direction at all times. You may be filmed or photographed during proceedings and images may appear on the Queensland parliament's website or social media pages. If I could ask everyone to turn their phones to silent or turn them off, that would be terrific.

NEWTON, Ms Bev, NPH Farming Syndicate

CHAIR: I now welcome Ms Bev Newton from NPH Farming Syndicate. It is good to see you again. Thank you for having us out in Dalby last week. I invite you to make an opening statement and then the committee will have questions for you.

Ms Newton: Thank you for the opportunity to address the committee and answer any outstanding questions that may have arisen in relation to this bill. I am Bev Newton and my husband and I have been farming our PAA flat flood plain for some 45 years. My grandchildren are now fifth generation on this freehold land. The emotional strain in dealing with coal seam gas subsidence is enormous and, as such, my husband is no longer able to participate in reviews such as this. I commend the MEROLA Bill 2024 for introducing category A and category B susceptible to coal seam gas induced subsidence land classifications. However, there are key areas of the bill that require amendments if it is to achieve its purpose.

Coal seam gas subsidence is real and the cost to industry and government if coal seam gas mining continues across our flat PAA flood plain must be calculated. This is a huge venture and far too large for a single person to take on. The project lends itself to be carried out by a major independent university and would involve the cost-benefit analysis of coal seam gas versus intensive farming on highly productive category A and B PAA land for the next hundred years. A study like this must include the full cost of total remediation—yet unknown—of the coal seam gas industry on this land and the full compensation for lost productivity over this hundred-year period. Balance is needed from the areas of expertise to date that have been sadly missed.

All PAA land represents just 2.68 per cent of the whole state of Queensland and category A and category B classifications are only a small percentage of this 2.68 per cent. To put it another way, the amount of highly susceptible category A and B land is a very small part of the whole Surat gas project. Realistically, this area should have a moratorium on coal seam gas development until all cost benefits around environmental ramifications to the state of Queensland are better understood. GasFields or Coexistence Queensland is determined to have coal seam gas development proceed at all costs. Some extremely vulnerable areas—that is, category A land—are not suited to this type of development and coal seam gas development has never previously occurred across such flat, high-producing PAA land.

Tenure holders publicly claim that they have hundreds of CCAs, with many happy landholders hosting coal seam gas. Landholders with adequate drainage may be happy to have a CCA. Others, sadly, are happy to believe now acknowledged misinformation and accept large sums of money at the expense of the rest of the community. Individual growers are hosting coal seam gas infrastructure that is now impacting their neighbours. Many landholders on flat category A flood plain have been forced into signing CCAs under the threat of being dragged into the Land Court. These are not landholders happy to be in coexistence with coal seam gas development. One size does not fit all. What is occurring on our category A flood plain is not coexistence.

I realise this bill does address other legislation as well but feel that the majority of the bill is targeted at coal seam gas induced subsidence and how best to manage this issue. For this reason, it is imperative that sections of the bill are amended to avoid a repeat of previous legislative inadequacies. It can become an informed piece of legislation but only if the appropriately informed people are used. Please consider these issues as coal seam gas induced subsidence is occurring and is impacting productivity now. Impacted landholders require remediation today and not in three- to five-years time or more. We need answers now. I am happy to answer any questions the committee may have.

CHAIR: Thanks very much.

Mr WEIR: Thanks, Bev. We had Arrow in here earlier today and in their submission they suggested that subsidence management be removed from the bill and taken away and worked up and brought back as a separate piece of legislation. What would you think about that?

Ms Newton: It has to be something that for future areas of development could be done, but it must be done under the departments that actually understand the subsidence and the implications that it is going to cause across a flood plain, so it should actually be the department of agriculture that is supervising it. The department of state development have previously been in charge of it, but I would think that a subsidence issue should come back to the department of agriculture to be the ones actually doing the management and putting in place the management processes.

There has to be a recognition that category A land, though, in a lot of situations is just not able to be remediated. Once the impact of this subsidence starts across our flood plain, even just turning the wells off will not stop it from continuing. Although the industry is only short term and it might only be here for 20 or 30 years—and to us as farmers that is short term—the implication of the continuing subsidence that is going to occur after that will go on for the hundred years beyond that, which is the point that I was making. We need to have costings for a hundred-year period, not just for the term that the industry is here for.

You have to be careful in saying that you are going to introduce a subsidence management program, because what we really need now where we are subsiding is a subsidence management rectification plan. I would be very interested to know exactly what industry is proposing as the rectification for something when they have no idea of how long it is going to go on for and how severe that impact is going to be. The science is not there. It has not been done.

Mr WEIR: Yes, they never talked about the department of agriculture, but that is a solid point. They were talking about the Regional Planning Interests Act and the implications of that and so forth and they just did not believe that there was enough detail or structure in this bill or it was not clear enough as to what—

Ms Newton: There is no detail at all, Deputy Chair, in this bill to say exactly what would be involved in that subsidence management plan at all. As landholders we would be very loath to go ahead and agree to undergo a plan that would lead to an agreement where we were not privy to the details that were actually involved in that plan, and in particular of grave concern is how we are actually going to remediate this. These are questions that I have asked various departments and OGIA and so forth. It is all very well to acknowledge that we have a problem, but what are we meant to do? No-one knows that yet because no-one has actually done the work on it. So that is the scary bit—that is, that we just do not know what is ahead of us and most of us would be loath to sign any agreement that may lock us out of future compensation because we just do not know where we are going.

CHAIR: So you would support Arrow's position to remove subsidence from the legislation?

Ms Newton: In terms of that part of the legislation, I would have to have another close look at it and a bit more detail about what they are actually proposing, I am sorry, so I do not fully understand where they are trying to put it then if it is pulled out of this piece of legislation. Subsidence management is something for those down the track that have time to put it in place, but for some of us where we are already subsided it is too late. We do not have time to go into a planning process which, as I have said, may lead to ramifications being identified that we have to address three to five years down the track when we have issues now and we have to continue our food and fibre production now into the future, so we do not have that answer.

Mr HEAD: Thank you for being here today, Bev. How long have you been raising concerns of subsidence with authorities such as the GasFields Commission?

Ms Newton: A very, very long time. There has been enough information scientifically world-wide to state that subsidence was an issue, so they knew that with this type of mining, and to be honest in a lot of areas of the world it has not been a huge impact because of drainage issues.

They have had drainages and slope, but when you come to an extremely flat flood plain—and that is what I have acknowledged; the categories A and B are a definite plus—we have to categorise that highly susceptible land and segregate it out from the rest of the land that this type of development has previously occurred on and say, 'There are some places where this cannot exist. It's just not viable to have this type of impact.' The research has been there from a long time ago, and certainly before they well and truly moved into our area. We have been saying all along that you cannot develop such a flat flood plain area that is a priority agricultural area if you do not know what the scientific implications of these subsided areas are.

The research that has been done first indicated that it was going to be uniform or relatively uniform. The actual occurrence of the subsidence is far from that, and it can never be uniform or relatively uniform because the gas wells are not uniform or relatively uniform, especially with the advent of deviated drilling and directional wells. You get a concentrated focus around up to seven or eight wells on some pads and you are going to have the extraction of the gas and the water at a completely different rate to what you are with single vertical wells equi-spaced across the country.

The coal seams are not even under the ground and the coal seam thicknesses vary and the distance beneath the earth at which the coal seams start vary. In fact, as you go further north the coal tends to get shallower—it comes up closer to the surface—which is why when you get too much further north there is not a lot of coal seam gas because it has already escaped because the coal seams are that shallow to the top of the surface of the ground. So to say that it is going to be uniform or relatively uniform was never going to be the situation. You have far too many variables. One of the biggest variables of course is that these wells are turned on at different times. They are not all switched on at the same time. You get development here and here and then all of a sudden this well comes on but this one does not and then a couple of years later this one comes on.

There are so many variables that the unevenness of it scientifically says it is never going to be uniform, and that is the reality of the situation that we have found. You have big pockets of depression coming in isolated areas that change. It is not as though you have a pocket here and you are going to fix it, because the next year there is further extraction of gas and water and there is a different area that has subsided, so what was your low area you had fixed now is not anymore and there is a different area. So it is not a matter of remediating just once; you are going to have to repeatedly go back and remediate that land several times in the course of this industry.

CHAIR: Your submission then in terms of the relative uniformity of subsidence is in stark contrast to the submission that we just had from Arrow—

Ms Newton: Of course. Yes, of course it will be, yes, but because of the reasons I have listed I would be very interested to know how they contra that, because they cannot deny the fact that the coal seams are not uniform. The coal seams vary in thickness and they vary at the depth beneath the ground, and of course the wells are not turned on evenly. With deviated drilling now, they are certainly not equidistant.

Mr HEAD: Further to that, so you have been raising this issue with authorities for many years then?

Ms Newton: Yes.

Mr HEAD: So how much consultation did you have or were you involved in any consultation process for the development of this legislation that you could comment on at all?

Ms Newton: We were given a couple of two- or three-hour sessions where we actually were involved in a landholder reference group that we participated in and were invited along to consult with the department of agriculture, the department of state development and the Department of Resources. A lot of the information that we gave to those departments has not been reflected in this particular proposal, I am sorry to say. That is very disappointing considering that we are the people who understand the issues. We have lived on this country. We have worked it. We are really the people with the detailed information about how this country responds in wet times and in dry times to the issues that are actually relevant to this amendment bill. Unfortunately, they were not all taken on board.

One of the biggest concerns was the accuracy with which Arrow Energy actually report back to landholders and growers. A lot of the landholders who have had firsthand experience with resource tenure holders have stated the fact that what they often say is not actually what happens in the field.

CHAIR: Thank you very much for appearing before us here today.

Ms Newton: Thank you for listening.

GOOLEY, Ms Sarah, Director—Queensland, Association of Mining and Exploration Companies

KNUDSEN, Mr Keld, Director—Queensland, Australian Energy Producers

CHAIR: I now welcome representatives from the Association of Mining and Exploration Companies and the Australian Energy Producers. I invite each of you to make an opening statement and then the committee will have some questions for you.

Ms Gooley: Good afternoon. AMEC appreciates the opportunity to appear at today's Clean Economy Jobs, Resources and Transport Committee's public hearing regarding the recently announced MEROLA Bill. I would like to start by acknowledging the traditional owners of the lands that we are meeting on today.

The Association of Mining and Exploration Companies is a national industry association that represents over 560 member companies. About 80 of those members operate in Queensland. Our members are mineral explorers, emerging miners and producers as well as a wide range of service providers to the industry. A point of difference between AMEC and AEP's membership is that we focus purely on minerals.

Since the launch of the Queensland Resources Industry Development Plan in June 2022, AMEC has participated in a large range of discussion paper based consultation processes. Until the MEROLA Bill was introduced—472 pages of collateral—we have mostly appreciated the participative processes that had been run by the respective agencies. The short time frame—less than 15 business days—associated with reviewing the MEROLA Bill and attempting to consult with our members in a meaningful way has meant that we are concerned that there are elements in the bill where we have not had time to properly understand the impact that they will have on our membership.

Parts of the bill that AMEC support, as they represent a step forward to delivering benefits to our membership, include amendments to the Gasfields Commission Act 2013 and broadening of responsibility for the proposed new Coexistence Queensland. However, we seek further consultation in designing their role, responsibilities, resourcing and service offering. We also support amendment to the Land Access Ombudsman Act 2017 which broadens the responsibilities of the Land Access Ombudsman, the LAO. Similarly, we seek further consultation on the legislative mechanisms that the LAO will exercise as well as consultation on the levy, which we are opposed to and should be subject to a RIS. We request to be included as a member of the LAO advisory committee.

With regard to what should not be progressed, AMEC is strongly opposed to the strategic land parcels proposed amendments to the Mineral Resources Act. We ask that the committee recommend they not be progressed in the bill due to the impact on exploration in Queensland. Based on the limited information provided by the Department of Resources, the strategic land parcel approach to releasing land will undermine exploration by increasing operational costs and government fees as a result of having to undertake exploration on a larger land area. It will also slow down access and process, worsening challenges explorers are already facing. This sort of proposal interferes with commodity markets and will turn investment away from Queensland.

While the approach may deliver administrative efficiency for the Department of Resources in managing tenements, the actual outcome they will achieve is opposite to the narrative and policies spruiking support for exploration. Where this has been implemented in New South Wales and Victoria, the process has locked up highly prospective land from private exploration for long periods, slowing down privately funded exploration in those states. The proven and best approach to securing high levels of mineral exploration investment and effort is to leave as much ground as possible open for exploration. This is the process that has been used to great effect in Western Australia and in Queensland to date. Based on the information shared by the department, AMEC has not seen evidence to support the initiative and its proposed benefits. I look forward to taking the committee's questions. Thank you.

CHAIR: Mr Knudsen, do you want to make a statement?

Mr Knudsen: Good afternoon. I acknowledge the traditional owners of the land on which we meet today and pay my respects to their elders past, present and emerging. Thanks to the committee for the opportunity to appear today and to provide a short opening statement. I will try to keep it brief.

The Australian Energy Producers is the peak body representing oil and gas production and low emissions fuel in Australia and Queensland. In Queensland, our industry supports 32,000 jobs and many more across electricity generation, manufacturing, transport and other industries that rely on our sector's outputs. Every year we spend about $3.8 billion with almost 3,000 local businesses

across Queensland, mostly in regional areas. We also contribute billions of dollars every year through taxes, royalties and rates. The industry is committed to providing secure, reliable and affordable energy to all Australians. In recognition of the role that gas plays not only in those feedstocks and energy use but also globally and nationally, it is highlighted by the Queensland government's own Energy and Jobs Plan and underscored by the federal gas strategy released last week.

While we acknowledge the important issues covered in the legislation, our members have expressed to us concerns regarding the timing of the process and the potential for the bill to impact on them. These reforms are detailed and encompass numerous acts. Unfortunately, our members do not feel they have had adequate time to fully consider the draft provisions in the legislation. I acknowledge that consultation on issues papers for the reforms occurred in 2023, but since then there has been no exposure draft of the legislation and no regulatory impact statement and, with limited time to review, it raises real questions around unintended consequences.

I will quickly note the subsidence sections of the legislation. I start with some guiding principles. The people of Australia, through the government, own the natural resource. How, when and who develops that resource is a government decision. Australians rightly expect that governments adopt a sensible and science-based approach, but in doing that and in the process of producing that resource landholders and occupiers should be recognised and respected. They should not be impacted and they should be compensated for loss as a result of hosting our industry. We do support policies that foster coexistence and mutual benefit. There is ample evidence showing that regional businesses, agriculture and the gas industry can and do coexist.

I want to start by outlining a few things that we support about the legislation. Firstly, we fundamentally agree that the process needs to be built around sound science. Using scientific organisations like OGIA makes sense to us. They have established themselves as an independent and trusted body in this space. There should be appropriate mechanisms to do the probity and transparency in that process. Secondly, we support the legislation's approach of defining the risk-based framework with the assessment categorising A, B or C land. We do think that is an improvement. We have little detail on how that will be undertaken, the process in which it is determined and the steps that are needed to determine what those categories are.

In reviewing this legislation, the members have also raised the numerous requirements that are already in place that contain provisions to address subsidence. They are concerned that the MEROLA Bill may not be proportionate to the issue. It establishes a complex framework for managing that risk and a lot of that detail is yet to come in regulations. The existing provisions that I talk about include the Regional Planning Interests Act, the federal EPBC Act, the Water Act and the mineral and energy common provisions legislation, which is the compensation framework. I will skip down.

We have made a few recommendations in our submission but, ultimately, it is the view of our members that the bill potentially be split or its commencement or enactment deferred. We request that, in order to allow full assessment such as what is proposed in the potential subsidence impact report to determine the scale and the scope of the problem and the appropriate response, a regulatory impact statement be developed to consider the detailed response and ensure the framework considers the risk and existing provisions, with appropriate time to review against unintended consequences. However, if the bill passes, a detailed engagement plan and guidance with our members would be greatly appreciated and needed, including how a subsidence impact assessment would be undertaken and how far field assessments would be performed, and ideally those would be available to us already. The development of any future regulation should also be done in close consultation with industry and all stakeholders. It is appropriate that a panel review is undertaken at some point in the future, as we saw in the early days of the land access framework.

We are open to work with all stakeholders from all sectors to develop a workable framework that promotes beneficial outcomes for all parties. We did raise some limited comments on other components of the bill and are supportive of the new Coexistence Queensland, as long as they do not forget about us. In the interests of time, I might stop there. I welcome any questions that you might have.

Mr WEIR: You touched on something that a couple of other submitters and witnesses have said, which is that the bill is so large that subsidence management should come out of it. Unfortunately, it means that other aspects of the bill are not getting the attention they could. Sarah, in your submission you said that the financial provisioning should also be withdrawn from the bill until there is more consultation. You expressed a concern that it will severely impact junior or smaller miners. What are your concerns there?

Ms Gooley: I will start by acknowledging that Treasury did undertake two rounds of discussion papers and did some really good collaborative consultation. One of the things that came out of it, though, was that none of the feedback that we provided to them on how the provisioning scheme could operate better to support the development of a critical minerals industry was taken up. From our perspective, the bill has really been tailored to address some of the challenges that are being faced by the big end of town. I am not sure how much you understand about our organisation. We very much represent the smaller, junior end of town—not small miners but the junior miners, the smaller ones.

When we meet with our membership, one of the increasing challenges that they have is dealing with the estimated rehabilitation calculator that DESI implement. What happens is that the estimated rehab figure is calculated by DESI and then the miner or the explorer has to provide that financial provisioning to the scheme. The two systems are completely divorced. In representation of our members, we have limited traction with the scheme to actually look at how we improve risk entertainment of the Queensland government. Currently, risk entertainment pretty much sits at zero. When you are an explorer or a junior miner, being able to show that you are anything but a high risk financially, based on a zero risk tolerance environment, is near on impossible. We have provided case examples and I have taken multiple members in to speak to Treasury, under treasurers and a whole host of executives to try to get some change in how they look at the critical minerals industry and mining outside of tier 1 companies but with no success. Essentially, as we put in the submission, the only person apparently in Queensland government who can make any change in that remit is the Treasurer. We wrote to him but we still have not had a response back.

Those comments very much represent what our membership has experienced with the Financial Provisioning Scheme. We did not feel listened to in the consultation. When we are in the midst of trying to develop a critical minerals industry in Queensland and nationally—and apparently it is a really high priority—when the frameworks that support being able to develop mines are not fit for purpose and very much service the big end of town, then you are not going to see much development and progression in those smaller operators who are the ones who are taking the risk for the rest of the industry in trying to identify the deposits that are there and then start developing them.

Mr WEIR: That would particularly affect the critical minerals industry, which is a developing industry in the north from what you are saying?

Ms Gooley: Yes, 100 per cent. That is something that we are acutely concerned about. It is a common thread. It is not just the Financial Provisioning Scheme. It is a common thread in a lot of the regulation. The Financial Provisioning Scheme was set up to manage risk primarily of large coal companies divesting their assets to medium sized coal companies and the risk increasing and then one day them just locking the front door and putting the keys under the mat and leaving it to the Queensland government to deal with their rehab costs. We now have watched the industry change at pace, over the last 10 years in particular. All of a sudden, critical minerals are the next wave of minerals required for the renewable energy transition. They are in batteries, our phones and everything that we feel and touch every day. However, the frameworks are not designed to support the development of the types of mines that we need to support that industry. We are jamming square pegs into round holes because we are having to navigate frameworks that were designed for large coal miners predominantly.

Mr WEIR: Just before we move on I will raise another issue you talked about, which is how the GasFields Commission deals with overlapping tenure and resources, that is, agriculture and renewables. There have been a lot of legislative amendments over the years to try to deal with that.

Ms Gooley: This is another great example of an emerging industry coming through. There is a lot more exploration going on for a lot more minerals, which means a lot more of the state is being looked at. As it stands, the overlapping tenures framework is not serving explorers, which are a land user within the framework. If you look at the Queensland energy and climate document they produced in collaboration with QFF, it makes it really clear that when a renewable energy proponent engages with a landholder it is then the landholder's responsibility to have to engage with the multiple land users they may have on their tenements. Sometimes they can have up to 18 different types of land uses going on, be it for exploration or other purposes.

First of all, we agree that the landholder needs to have a level of responsibility and line of sight of what is going on. Capacity and capability are not consistent across the state as to how that happens. In relation to Coexistence Queensland and LAO, it is good their remit is being expanded because, as more renewable energy projects are being developed and land is being taken, that is going to cause more conflict because there is more exploration happening in the state. We need a really clear multi-land-use policy from the get-go—say a renewable energy entity came in over a

tenement where an explorer was looking at what was under the ground—something that triggers renewable energy having to notify them they are there in the first place but also that provides that explorer with certainty on their future investment, especially if they are an ASX listed company, which many of these guys are. It is shareholders' money we are talking about, mostly mums and dads in Australia. We just need to provide a backbone so the resources exploration sector has certainty when they pick up ground as to what to expect when it comes to coming in over the top of a renewable energy project.

Mr HEAD: In relation to part 2 and the amendment to the Electricity Act 1994, you are saying that an explorer can have an exploration tenement, an exploration lease, and on one hand there could be solar and wind projects being developed—obviously, solar is under the council code and wind is under state development—but they want to get them connected to the grid, and through the compulsory acquisition of transmission lines Powerlink or another entity could come and compulsorily acquire that land from the landholder and put that transmission line through without the explorers ever being notified?

Ms Gooley: Yes. We have actually seen that play out with the MacIntyre Wind Farm, with restricted area 451 being declared and an exploration tenement being impacted there. We wrote to the director-general of resources about that matter. What they said was accurate, which is that they could still apply for increased rights, but once the RA came in their rights were pretty much frozen as they stood, and they would have to apply to the department to increase the rights without any certainty as to whether or not they were going to be impacted by the windfarm. The entity in question was not sharing that information because it is commercial-in-confidence and can impact land values et cetera, obviously, but it gave the explorer no certainty to invest further in what they were doing. Also, there are no triggers for them to seek compensation unless the entity at the moment approaches them to negotiate. They could have invested a couple of million dollars more or less in drilling to try and understand the geology and what is there, but there are no triggers for that at the moment. That would be something we would be looking for in a multi-land-use scheme as well if you were an explorer.

Hughenden is a great example. There is a lot of gold up there. There is a lot of gold exploration occurring between Hughenden, Charters Towers and Ravenswood. Apparently, it is going to be the biggest renewable energy zone in Queensland. There is no certainty being provided to explorers at the moment—many of them ASX listed companies—as to whether or not they are going to get impacted by a wind turbine, underground transmission line or an aboveground transmission line. It is a really concerning scenario.

Mr HEAD: An explorer could be very advanced as far as approvals to progress to a mining stage and have spent many millions of dollars, so in theory if a mine existed and an energy project wanted to transmit from one side to the other, if it was an existing mine they would have to go around it, but because they essentially get in first, even though the explorer might have been there exploring for a decade or more, if they beat the mine to the chase then all of a sudden the explorer will responsible for diverting that transmission infrastructure into the future; would that be correct?

Ms Gooley: As we understand the framework, that is a risk, yes.

Mr WATTS: I am interested in your views on Coexistence Queensland, its resourcing and its remit. For me, this is a question of competing property rights. Government has issued various property rights, whether it be exploratory or tenement. Obviously there is a property right on the land, and with renewables there is potentially a third above. Based on what is in front of us, how do you see that organisation working? What do you think in relation to provisioning and resources and its ability to focus on the core issues of bringing some harmony to these competing property rights in a sensible framework?

Ms Gooley: We had a workshop with Warwick and his team from the commission in Mount Isa last Tuesday with some of our members. We are making the most of the opportunity of Coexistence Queensland being put into place, because the proposals that we have consistently put to government to try and improve the land access framework for explorers continue to be ignored. We see it as an opportunity to build understanding with landholders as to how to better work with explorers. Whilst we would love to see more certainty in the legislation around land access for exploration, the opportunity that Coexistence Queensland provides is being able to have some central, accurate point of information—even though it is educational—available to all the parties involved.

Mr Knudsen: We have talked about whether there would be another model should another body be established. For me, a big part of this is not just the relationship between the renewable sector and the community or the minerals industry and the community—it is also between renewables and minerals and renewables and gas, so it makes sense there is a single body that is looking at that.

In terms of how all of those pieces fit together with vastly different frameworks and different challenges for different sectors depending on where we are, the funding will need to support that expanded remit as well. We are broadly supportive of the expansion and potential change.

Mr WATTS: In terms of funding, I am looking at how big is the remit and how are we going to fund it, because obviously there needs to be a certain amount of science gathered and stored somewhere that is being used to interpret various conflicts that might come up. Can you give us any further detail of what would work for each of your industry areas?

Ms Gooley: We would be opposed to any further fees being charged. If you wanted to increase the fees for an EPM or something like that—there is a waiver on them for the next few years—we would be opposed to any fees being charged. This is a critical service. There is a much more elegant and simple way to get around it, which is a functioning land-use policy. We should be trying to get in at the front end, not coming in at the back end and expecting Coexistence Queensland and their people to be the answer to a problem when there have been ample opportunities through this process on land access institutions and discussion papers over the last nearly two years to commit to something as effective and meaningful such as a land-use policy.

Mr Knudsen: I think there is significant benefit in the independence of the GasFields Commission. We have gone through processes that have considered a levy or a fee on the industry to fund the GasFields Commission or Coexistence Queensland, whatever it may become, and that raises concerns from landholders around their independence and their ability to provide independent advice. We certainly think there is a public good in continuing the government funding of Coexistence Queensland or the GasFields Commission.

Mr WALKER: We have heard from previous submitters about subsidence impacts. I was reading where there are vertical shafts, and there is a case where the shaft went horizontal into another property. Are there guarantees given to not only the property that you are on but the surrounding properties that what you are doing is exactly what has been committed to, or do you do both all the time, vertical and horizontal?

Mr Knudsen: There is a combination of technologies that are used. A lot of companies will just focus on vertical wells. The longer you spend drilling a borehole, the more expensive it becomes. It is not an industry preference to do directional drilling. The benefit of directional drilling is that it allows you to place infrastructure in a way that reduces its surface impact. Where you can do a batch drilling of five or six wells in a single well pad or you can move a well to the edge of a paddock so it is off the paddock or away from a particular feature, there are some benefits in doing that. We have gone through quite a significant process. About four or five years ago there was a requirement introduced or clarified around providing entry notices, so any activity that is undertaken has to be fully notified. There is a process around that for drilling. We do not get to pick and choose at the last minute. It goes through the full process.

Mr WALKER: We just heard from the previous submitter that subsidence could be manifested in so many different ways. If it is across one property we are not going to see that maybe for decades, that collapsing of the shaft that is running horizontally across that one property owner's asset. How do you think they should be compensated if there is major damage and subsidence? How would you manage that?

Mr Knudsen: I do not think there is necessarily a difference between directional drilling or vertical wells in relation to the compensation frameworks. The ability already exists under the MER(CP) Regulation to allow for compensation where there has been impact on any of the compensable effects. To a certain extent that has been largely untested in relation to subsidence impacts. When we look at the potential impact over time, the modelling that I have seen indicates we are likely to see that happen relatively up-front, within the first five or seven years. It is the same if you were producing that water: it is consistent with when the water is removed from the field. It would be unlikely that you would see long-term impacts of any huge variance over an extended period, so you would be able to play that out within the current time frame.

Mr WALKER: Can you give me a definition of long-term? How long do you need?

Mr Knudsen: I would say that for anything greater than 10 years we would need to go through that.

Mr WALKER: Chair, from what I have read, the industry in Queensland is only 27 years old. In 1997 it emerged in gas, so we do not have a lot of data. We just learned from the previous submitter that it could be centuries. It could be several decades. Who is going to fix that? If it is 30 or 40 years, who is fixing that? I would like to hear from the industry how they see that being rectified.

Mr Knudsen: It is a really good question. When we look at the modelling and the science which shows there is an upper limit to the compaction that you would receive, you would assume an upper level of water production, it is not in the interests of the industry to remove all of the water. There is actually a level that is needed to be maintained, so you would have a pretty good idea of what the potential upper bookmark might be per se. Where the financial provisioning regime goes and potential rehabilitation, that already allows for the government—let's assume the worst-case scenario and impact occurs after a company is no longer active—there is room within the financial provision regime for the government to intervene in that scenario and undertake rehabilitation work.

Mr WALKER: What royalties are currently being paid to the state of Queensland?

Mr Knudsen: In the 2022-23 financial year I think our royalties were about $2.4 billion. Over the forward estimates I think in total it is about $7 billion, but year by year it is about $1.4 billion. Obviously that depends on the price of oil and the price of gas and other things.

Mr WALKER: Do you know what the profits were in the gas industry in the last financial year?

Mr Knudsen: We are not privy to the individual profits of companies. We could probably provide profit and losses from individuals. I think it is worth noting too on the long term of these projects that there were many years there that the companies were running at a negative. We had a few years during COVID where the gas price went to zero or minus. When we look at trying to recoup that revenue from $50 billion worth of gas projects, the pay-off period can be some time.

CHAIR: Thank you for appearing before us here today. Time has expired. There were no questions taken on notice, so thank you very much again for appearing here today.

MURRAY, Mr Michael, General Manager, Cotton Australia (via videoconference)

SHEPPARD, Ms Jo, Chief Executive Officer, Queensland Farmers' Federation (via videoconference)

CHAIR: Welcome. I invite you to make a short opening statement and then the committee will have some questions for you.

Ms Sheppard: Thank you. Our members are agricultural peak bodies like Cotton Australia. Our role is to work with the peak bodies to progress issues and try to get outcomes that are relevant for farmers across Queensland and their members. The issue and increasing challenge around land and water use, planning coexistence from competing land use demands and the impacts on the future of the ag sector, rural communities and our ability to produce food and fibre is the No. 1 issue that is currently being raised with QFF through its members. We continue to advocate for policy that ensures the protection of high-value agricultural land and water assets. We have outlined some of our concerns in relation to this bill in our brief submission which I am hoping we can explore through the questions.

Mr Murray: Thank you for the opportunity to present. Like other witnesses and submitters, we have been very concerned about the short time frame for such a complex and long bill which is also on a subject that is very divisive. Representing cotton growers, many of whom grow on the Darling Downs on some of the best agricultural land in Queensland, we have a very broad range of views around engagement with the coal seam industry: we have some growers who are more than happy to engage and see opportunity and have worked very positively with coal seam gas companies; we have people at the other end of the spectrum who almost throw themselves in front of the bulldozers and remain very much opposed and concerned; and we have people in the middle who probably in their heart of hearts wish that they did not have to engage with the industry but can see a way to work forward. We definitely have a range of views and I think everyone in this space must recognise that range of views.

Having said all that, we are generally supportive of the direction of this bill, although it is really very hard to understand exactly how it will apply in practice. We support the expanding remit for the GasFields Commission and its renaming as Coexistence Queensland. We certainly support OGIA being formally given the role of modelling, measuring and working around subsidence and providing the really important data. We support, at least in concept, the subsidence management plan framework and, very importantly, OGIA identifying which resource companies will have liability to implement those plans.

If I speak about our key concerns, what is really necessary from a whole-of-government response is to be very clear about the ongoing role of section 22 of the Regional Planning Interests Act. We believe that role must be maintained and it must be a public government commitment if we are to go forward with this bill. It needs to be in that line. The other thing that I think is missing is that there does not seem to be an overall commitment in the bill that aims to at least restore, if not protect, the productive capacity of the land. I think that is an area that needs to be explored a little bit further. It is great that there is talk about compensation, but at the very least that compensation should be directed towards maintaining the productive capacity of that land as well as recognising the pain and suffering that landholders go through. I will leave it at that as an opening and I am happy to take questions.

CHAIR: Thank you. Deputy Chair, over to you.

Mr WEIR: Both QFF and Cotton Australia mentioned section 22 of the Regional Planning Interests Act. What is your main concern there? One has an impact on the other. Why have you specifically nominated that section of the act?

Mr Murray: I think the important thing about the planning act is that, if a landholder wishes to have their right to have a RIDA application, effectively it is assessed and if it is seen right from the start that subsidence is likely to cause significant damage that then stops that part of the project at least proceeding and prevents the damage from happening. When we think about it, the act is all about damage that has occurred. What is absolutely clear now—and some people would say it has been clear for a long time, but certainly I think clear since 2021—is that subsidence will occur. Subsidence is occurring and it will occur. What is less clear is whether it will occur in a way that causes economic damage. There are certainly some landholders who strongly believe it already has. There are other landholders who know that they have had subsidence, and only know they have subsidence because the OGIA work has shown it, yet on their land they are saying it has had no

economic impact. The importance is that the Regional Planning Interests Act has the capacity to prevent damage from occurring. Really, what we are looking at with MEROLA is how you fix the damage should it occur.

Ms Sheppard: From our perspective we want to ensure the continuation of landholder rights. We do not want to see any watering down in that regard. I guess we would really like to see the bill more clearly articulate—as Michael has said, we have had limited time to understand it so I am not 100 per cent sure if it is in there or not—the interaction with the RPI Act's section 22 and this new bill so that we are confident that this bill does not override the provisions in section 22, if that makes sense.

Mr WEIR: One of the things that has been raised with us during the hearings is that the RIDA process is probably not being followed. There were properties that would have liked a RIDA process over their properties to prove that they are not going to be damaged, but that has not happened. Is that working now or do you think it needs to be improved?

Mr Murray: When the dual or triple consultation process happened towards the end of last year where there was a bit of a review of RIDA, a bit of a review of the framework and the coexistence institutions, it was pretty clear that there had not been too many RIDA applications go through that were genuinely on properties owned by third parties, not by the resource companies. We do understand that there is at least a couple of RIDA applications in the pipeline actually under assessment—and have been under assessment for some time—but it is unclear what the results of those will be. When the Regional Planning Interests Act was developed in 2012 it was a very important step towards improving landholder rights and it is something that landholders see as very important that it remain in place.

Mr WEIR: You mentioned that you supported OGIA providing the management plan. It seems like a big responsibility for a very small few. There needs to be some oversight over OGIA and what they would put in those subsidence management plans from other areas, whether it be local government, the department of agriculture or the Department of Resources. Would you agree with that? How would you support OGIA?

Mr Murray: Absolutely. I think that is some of the confusion that exists. I am not sure that I have got it straight. The key role of OGIA is to do the science, do the modelling, do the measuring, identify where subsidence is to occur and then we move into that subsidence management planning which is more a role—well, it is under the act—for the resource companies, and certainly the resource companies should be paying for it but those plans have to be developed with the full involvement of the landholders. That also then does bring into account what expertise and who should be involved in assessing them. Certainly the agriculture department from a government perspective should be involved. It also has to be absolutely crystal clear that landholders can bring in all of the expertise that they feel is required and have that funded, because landholders have not asked for this interaction. Whether or not you are happy to interact with resource companies or you are at the other end of the spectrum or somewhere in between, it does take time and effort, and for many people a lot of stress, and that does need to be recognised.

Ms Sheppard: The role of OGIA moving forward is incredibly important, but it also points to the role of independent science more broadly across the whole coexistence agenda. Certainly from QFF's perspective, we see that ongoing support for OGIA to be able to carry out their independent work is absolutely critical. There is an old saying that trust comes in on a donkey and leaves in a Ferrari, and I think it is incredibly true in this situation. We need to make sure we have robustness around that independent science, and OGIA's role is very important.

I want to reiterate what Michael is saying more broadly around landholders really wanting to see a more active role from DAF and Resources. There have been long-held concerns that a lot of the decision-making sits under the Department of Resources—in the corner of Resources. I think outside of OGIA's good work, it is also really important that we have a better approach at cross-government departmental input, particularly from the department of agriculture, but certainly from the department of environment and other departments as well (inaudible), so that we have a more holistic approach in how we are dealing with these types of matters. I think it is really important.

CHAIR: You are both confident that OGIA is well placed to be the keeper of that independent scientific data that will be relied upon in terms of any ongoing complaints? I think that is what we heard last week when we were up in Dalby, that some submitters thought that OGIA was, and others were going to get their own technical—

Mr Murray: I think OGIA, with the work they have done in their original remit on underground water impacts, have largely proven that the very honest and science-based brokers in this space have that need for peer review. Certainly Cotton Australia, in our submission, supported that the peer review should be signed off by the chief executive, but the chief executive really should be taking very strong notice from the advice of OGIA on the scientists who are suitable for the peer review and also the terms of reference because I think they do have that expertise in what is a highly technical space. I would say that the chief executive would be very brave or only under the most extreme circumstances would not take the direct advice of OGIA in establishing the terms of reference and the reviewers.

Ms Sheppard: To add to what Michael said, OGIA has played an important role and will continue to, but we need to make sure they are resourced and supported to be able to. Peer review is more than fair and reasonable in terms of the science in all of these spaces, which is evolving and will continue to evolve. There is a whole lot more work that needs to be done around landscape modelling in particular so that we can understand overland flow impact and the like. OGIA has a very important role to play, but we have to set them up in a way that they are able to actually conduct the work that needs to be done, they are resourced to do so and are supported by an appropriate governance framework.

Mr HEAD: I would like to get some insight from both QFF and Cotton Australia as to how long your respective organisations have been raising the issue of subsidence and the consequences on the agriculture sector with the state government. Is there anything you can provide there?

Mr Murray: From my recollection, it really only became an issue or a concern for Cotton Australia from—do not hold me to the exact date, member for Callide, but I am pretty sure it was in 2021 or 2022 when it became clear from the initial work of OGIA that subsidence was actually occurring. I do know that other stakeholders had raised it as a potential issue probably as far back as 2010 or 2012, but it certainly was not something that we raised consistently until that work showed that landscape-wide subsidence not only had occurred but would continue to occur for a long time to come.

Ms Sheppard: I have only been in this role for 2½ years, and it certainly has been raised as an issue through our members, Cotton Australia and Central Downs Irrigators Limited during that time, the 2½ years. I feel like we have been involved in fairly substantial engagement, particularly over the last six to 12 months. My disappointment is that, off the back of that extensive engagement, we were landed with 500 pages of bill and explanatory notes with only a very short time frame to really understand whether or not the issues that we have all been raising in consultation are represented in the bill. Obviously it is very complex. From our perspective, yes, there has been ongoing consultation certainly over the time I have been CEO at QFF, but it is just disappointing that we did not have more time to fully understand this particular bill, given its importance to the agriculture sector.

Mr WATTS: Very briefly, can I get a comment from both of you about self-assessment in the RIDA process?

Mr Murray: If that is a reference to resource companies being able to self-assess, I am certainly no fan of that. I think it is absolutely important that if they are operating on their land (inaudible) needs to be made and that (inaudible).

Mr HEAD: Sorry, Michael, could you move the phone that Pat has called you on a bit closer? It might help. Could you repeat the last bit?

Mr Murray: Sorry about that. The question was about resource companies being able to self-assess as to whether or not they need to make a RIDA application, but I certainly do not think that should be allowed, full stop.

Mr HEAD: What about you, Jo?

Ms Sheppard: I would agree with Michael's comments, and this is around critical consequences. The ability to cease CSG development should critical impacts be identified is really a welcome step forward, but there are ongoing concerns regarding resource authorities being able to self-assess. I cannot see, from my perusal of the bill, that this is addressed in the bill at all. Further work is also needed to be done to clarify what constitutes a critical consequence and then obviously who decides this. I support Michael's earlier comments that it really does put landholders in a position where the onus is on them to prove critical impact if the resource proponent has not self-assessed the critical impact. There are also some questions not clearly reflected in the bill around whether these costs or imposts on the landholder are also going to be covered. There is a fair bit of concern and some more work to be done in that space.

Mr WALKER: Jo, a lot of farmers now have their organic certification. Are there any impacts that you are aware of from any mining activity, like coal seam gas, that has impacted or restricted the opportunities to get certification on those farms?

Ms Sheppard: I cannot comment on a specific example, but I think there are—and probably Michael can point to this as well—just general concerns from landholders around protecting soil and water quality. It is very important, particularly in organic situations, but in all agricultural situations. Michael referred earlier to any compensation being underpinned on the ability to make sure the productive capability of agricultural land is maintained, and really that is what we are pointing to. Whether you are in organics or agriculture of any kind, what we are really keen to see is that the frameworks and legislation that underpin any type of compensation or protections will be aimed at maintaining the status quo of that farming enterprise.

Mr WALKER: Michael, do you have anything to add to that?

Mr Murray: In the cotton industry, we have our best management practice program, myBMP. I am not aware of any one being refused accreditation because of coal seam gas. I am aware that a number of our growers who do (inaudible) coal seam gas on their land that have been accredited, but I would say that it was shown in some areas that subsidence was causing ongoing and unrectified damage. That probably would be a situation where, if they were seeking accreditation, that would be very hard to achieve.

CHAIR: Thank you both very much for appearing before us here today. We really appreciate your time and contribution.

Mr Murray: Could I raise one relatively minor aspect of the bill to do with Coexistence Queensland. It talks about (inaudible) of various bodies and refers generically to 'landholder'. I think the intent is probably right, but I think it needs to be much more specific. We could be referring to an 'agricultural producer' or a 'primary producer' or something that definitely (inaudible) a farmer. Other (inaudible) in other areas talk about experience (inaudible) which is obviously more specific than saying 'a landholder'.

CHAIR: Terrific. Thank you very much. Thank you, Michael and Jo, for your time.

FREEMAN, Alan, Vice President, Queensland Sapphire Miners Association

PHILLIPS, Mr Kevin, Queensland Small Miners Council (via videoconference)

CHAIR: I now welcome representatives from the Queensland Sapphire Miners Association and the Queensland Small Miners Council. I invite you to make an opening statement.

Mr Phillips: Firstly, on behalf of the QSMC, I would like to thank the chair and the committee for inviting our representatives to appear and present their cases. The QSMC, I must say, are pretty appalled by the department's lack of consultation with this MEROLA legislation and had not provided a proposed draft bill prior or conducted a regulatory impact statement and, therefore, we believe circumventing due process, which is almost dismissive of the Labor government's own guide to better regulation. As we have such a short time, I will nip straight into our issues.

One of the QSMC's primary issues with this MEROLA Bill is that the mining claim amendments are notably absent from the MEROLA Bill. We went through quite a few years of stuff to get to there and, nonetheless, it is not in here. The department's proposal to increase the number of prescribed mining claims from two to three, as per the department's revised proposal for mining claims, should be included in the bill and are notably absent.

The second point is mandatory conditions on mining leases are (inaudible). The QSMC perceives that this legislative amendment is unnecessary as there is already a high level of effective governance and if now imposed on existing tenures (inaudible) departs from section 43G of the Legislative Standards Act as the intent now is for the law to operate retrospectively.

The third point is: ADRs and LAOs should be withdrawn to allow for a consultation and a full RIS. The QSMC perceive that this legislation for this topic is still rudimentary and really unrefined. The department's own quality team were recently unable to clarify parts of the legislation, nor provide information about PoS LAO levies and their application. The QSMC believe that this LAO legislation should be withdrawn from the bill to allow proper legitimate consultation and investigate alternative options and, at the very least, a regulatory impact statement should be undertaken as per the government's own guide to better legislation.

Fourth and finally, fossicking permissions should be extended to exploration permits as well as mining claims. The QSMC is generally supportive of the intent of the proposed amendments for fossickers to seek permissions from mining lease applicants. However, the QSMC believe that this should also be extended to exploration permits as well as mining claims as a general provision. Furthermore, given the short session time allotted for such a complex matter, the QSMC would like to extend an invitation for the committee to visit the gem fields and opal fields and hear firsthand how these and other impediments from this MEROLA Bill will have adverse effects on our 2,000 working families who derive their income from mining in this state. That is it in summary.

Mr Freeman: Firstly, good afternoon and thank you for the opportunity to be here this afternoon. I advise that Janice Moriarty, the Mayor of the Central Highlands Regional Council, and Steve Thompson, president of the Willows Gemfields Recreation Club and the Queensland Sapphire Miners Association Inc., fully support retaining the current Fossicking Act legislation supporting individual and family fossicking licences. Our concerns are that statewide amendments to the Fossicking Act do not take into consideration the devastating tourism and economic impact forced upon the existing 11 designated and declared fossicking areas of the Gemfields. There would be 39 fossicking areas in GPAs statewide that would be impacted through the new section 24 definition and the deletion of section 25(1)(a). These proposed amendments, we respectfully submit, are contrary to and conflict with parliament's documented intent and purpose for the introduction of the 1994 Fossicking Act.

The bill is to provide a simple framework for recreational and tourist fossickers and the act was about recreational and tourist fossicking for minerals. Parliament's legislative intent and purpose specifically includes intrastate, interstate, overseas travelling tourists, retired couples and families who are the Gemfields predominant tourists—not lapidary or gem clubs. It is unreasonable to legislatively force every tourist who visits the Gemfields and decides to stay and fossick, even for half a day, to comply with section 24. Remote machinery-mining areas have legitimate location, security and enforcement issues but are not declared and designated fossicking areas. Machinery-mining leases and other major mining tenures have no commonality with declared fossicking areas and it is unreasonable to penalise and include statewide declared fossicking areas which do not have those issues with these significant detrimental statewide amendments.

We strongly submit that, should these amendments go through in their current state, it will be the end of our Central Queensland fossicking areas which through tourism support our caravan parks, our small businesses and our communities. Sapphire from designated and declared fossicking areas in one way or another is a major contributor and lifeblood of our Gemfields economy upon which our businesses and communities predominantly exist. We ask that the committee take cognisance that broad provisions in sections 24 to 28 exist in the Fossicking Act and in our opinion only require minor subsection amendments to cover section 27 relating to mining lease concerns. Thank you for listening.

CHAIR: Terrific. Thank you very much, Mr Freeman.

Mr WEIR: Alan, just following on from that, you are saying that with the amendments in this legislation if someone goes to the Gemfields for a couple of days of fossicking in one of those areas unless they join a club they will not be able to?

Mr Freeman: Since it came out I have gone to three separate areas trying to find and get clarification of this legislation because it is so ambiguous. The old section 25(1)(a) provided that an individual could fossick with a fossicker's licence. That is being deleted. In its place you now have section 24 which says clubs, associations, education and there is one other area. The way I interpret that legislation is that, if the legislation goes through, unless you are a member of a club, an association or one of those four entities you will not be able to fossick on fossicking ground. If that is the case, predominantly all our fossickers are not club members. In the 20 years I have been going to the Willows fossicking ground for three to six months of the year, there were only two occasions when I could say that two separate people came from a club. The rest of them were mums and dads, older people and travellers.

Mr WEIR: We definitely need to get clarity around that. You also asked in your submission whether strategic and environmental areas will impact on fossicking availability. Do you think it is going to decrease the amount of fossicking area available?

Mr Freeman: The reform has changed its actions from when it started to what it is now. The reform states that they will go and review the fossicking areas, but as late as only a couple of days ago I got an email from the minister's chief of staff in his office saying that there is not going to be any review of the fossicking legislation. Our problem is that, if we retain what we have in relation to fossicking areas that has been in force now for possibly up to 75 or 100 years, a lot of it has been machine mined which takes out the surface wash for fossicking. Any areas where there were runs has all been taken out previously. There is a lot of land in fossicking areas that under a review could possibly be found to be not suitable for fossicking but may be suitable for machinery mining if there is still mineral there.

Another big issue are the ERA—endangered regional ecosystem—provisions that were put over certain areas of the Gemfields in the nineties to protect little patches of brigalow, acacia and the like. That legislation precludes any machinery miner from mining that area within a one-kilometre radius, so that takes out a kilometre both sides of the acacia tree or 500 metres for a mining claim. It takes out a lot of area and there are ERAs across areas where it is definitely doing damage to the commercial and economic prescribed mining trade.

Mr WEIR: Kev, you talked about mining leases becoming prescribed mining leases. What does that change? We know the minister was talking about amendments to leases and then there was an announcement that that was not going to happen this year, so what does this change mean?

Mr Phillips: It depends on what you are referencing. The prescribed mining leases have only appeared recently in this ADR. We are totally confused, and that was one of the questions we raised. Since this bill was produced, we had a meeting with the department and they could not even tell us really what it meant, so we are at odds with what it means. We thought it meant that maybe goldminers alone would be subject to the LAO fees on it as they were prescribed, but they are not. We are still trying to find our way through this as it is such a mess and we have not got real fluent with it yet at all despite going over the document quite a few times and making calls to the department. They still cannot tell us who is going to pay the fees or where they are going to pay. For all intents and purposes, we are all to pay the fee even if we do not use the fee at all. Even for mining claims and mining leases, everyone will be subject to this LAO user fee which most of us will not use, so it will be a tax really for something we will not use because most miners will opt out of it because it is too complicated.

There are other issues as well. There is no force majeure. If you cannot get to a meeting, you are going to have to pay the fees regardless, so that I see as a major problem. I think most small-scale mining operations will not opt into it and, therefore, we will be paying a levy for something we will

never use. Given the current economics, I do not feel that it has been thought out and designed real well. It has been quite rushed, but that is my personal opinion. I really cannot inform you about a lot of it unfortunately.

Mr WEIR: I notice that the North Queensland miners—and you referred to the old miners—are saying that mining claims will be removed from the Mineral Resources Act and made mining leases. Is that your understanding?

Mr Phillips: No. From my understanding so far, perhaps their mining claims will be turned into mining leases which will then be prescribed. Once again, we cannot get any clarity from the department and unfortunately Amanda Vankoo who has now taken on the position is quite new and fresh and I think she is struggling herself to see where her predecessor was going with it. We are still trying to make heads and tails of it. Other than objecting to it strongly, there has been no consultation on it—no consultation at all really—and we have had no draft bill to go through it and work out the moving parts. It has all been thrust on us at one minute to midnight and we have had to really struggle to get something to the committee to try and say, 'Look, please, this is a bit out of control. We need to take this back. This isn't good governance. This is far from it actually.' That is only one of the issues that we have, but that is a big one.

Mr WEIR: You also said that this may impact upon native title negotiations?

Mr Phillips: It will, yes, because of the changes to definitions of 'interested party' and 'parties'. We have only recently had a memo come out from the department that says that when we are doing MCNs—that is the document you release to landowners when you are doing an application for a mining tenure—we now have to notify native title parties. That has never been the case before and we are not sure where that is coming from. It has been a directive policy. We are not sure if it is lawful. Apparently it is coming in from the Human Rights Act. We do not even know who an 'interested party' is. There is such conflict with who is an interested party when you are doing—

CHAIR: Native title holders are always going to be an interested party.

Mr WEIR: 'Interested party' would be a very broad—

Mr Phillips: Perhaps, yes, but it has never been the case on freehold or public land.

Mr WATTS: Kev, you talk about land user rights and compatibility and how there may be some conflict that needs to be reconciled. Could you expand on that briefly for us?

Mr Phillips: I think on the instrument of grants or the document the grazier has there are reservations made by the state, and they are actually in the Mineral Resources Act too. The grazier is to provide access to a tenure and a lot of the earlier instruments of lease or instrument of grant actually say that there is free right of access at ingress up and over the land for the searching of minerals. Then we later on have these codes and conducts, which are all fine, and we are not against talking with graziers and getting things right. I certainly have a good rapport with my grazier and we work amicably together, but in some instances that does not happen. What we are seeing on a lot of leasehold properties is a lot of ambiguity between the rights of the miner and the rights of the landowners. We have asked for some clarity from the department and we still have not got any as yet anyway, so I think that would have been the starting point to design the coexistence. In some meetings President Fleur Kingham from the lands tribunal said to us that quite frequently landowners are trying to assert rights onto themselves to which they are not entitled, and we quite frequently see this.

Instead of sitting back and starting at the beginning and saying, 'What rights does everybody have?', can we go back and have a look at your rights, the rights and reservations reserved under the Mineral Resources Act and how we can best adapt everything so that those rights are still maintained but we can still respect some amicable points for developing a good coexistence platform? I see the LAO and this whole process diminishing those rights. Remember that the state owns public lands and they are there for the searching of minerals as well. We do not diminish them more than we need to. That was probably my point.

CHAIR: Thank you very much for appearing before us today. Our time has expired for your session. Thank you very much for your contributions. I note there were no questions taken on notice. Thanks again for your time. I call the next witness.

IMBER, Mr Mark, Manager; Environment, Communities and Tenements; Metro Mining Limited

CHAIR: Welcome. Would you like to make an opening statement after which the committee will have some questions for you?

Mr Imber: Thank you very much, on behalf of Metro Mining, for allowing us the opportunity to have a chat with the committee this afternoon. Metro Mining, or Metro, is a mining and exploration company proudly based in Brisbane. Metro's flagship project is the Bauxite Hills Mine, which is a single operating mine with two separate environmental authorities. In February this year the Australian government announced bauxite was a critical component of its push for decarbonisation through the increase in the aluminium industry.

Our mine is located on Ankamuthi land and waters 95 kilometres north of Weipa and within the Cook electorate. Metro holds a total tenement package of 1,500 square kilometres about 95 kilometres north of Weipa and we have been operating since April 2018. In 2023 Metro sold 4.6 million tonnes of bauxite to China. We paid approximately $19.2 million to the Queensland government in royalties and payroll tax. The royalty rate for bauxite far exceeds the rates applied to base and other precious metals that are pegged at a variable rate between 2.5 per cent and five per cent of value depending on average metal prices. Out of a total of $10.5 million, $7.3 million was paid to the Financial Provisioning Scheme in 2023. That is in respect of our current disturbance and our future planned disturbance without the opportunity to recoup costs for rehabilitation that we are planning to do this year and next year as well.

The amount of $14.4 million was spent with North Queensland and Cape York suppliers, with approximately $600,000 spent with Indigenous businesses. Metro directly employs 158 employees, 88 per cent residing in North Queensland and 34 per cent identifying as Aboriginal or Torres Strait Islander people. In contrast, last financial year, 2022-23, the chief executive leadership board of the Queensland government established a sector-wide employment target for Aboriginal and Torres Strait Islander peoples of four per cent.

Metro is largely supportive of the proposed amendments in the bill, particularly the proposed introduction of a new moderate high-risk category. We are concerned, however, about a 9,900 per cent increase in the prescribed estimated rehabilitation costs threshold from $100,000 to $10 million. The threshold determines when environmental authority holders will participate in the scheme's risk assessment process. Metro appreciates government is seeking to reduce compliance and the administrative burden through the increase. Metro has serious concerns, however, about the detrimental financial impacts the proposed reform will have on the viability of its operations if it is forced to remain outside the scheme's risk assessment process.

The threshold of $100,000 was considered reasonable as the benefits accruing from the risk allocation process need to be balanced against the cost to both business and government in undertaking the risk category allocation process. That comes from the 2018 bill discussions. We understand the increase to the prescribed ERC threshold has been proposed to reduce compliance and administrative burden. We are concerned Metro will largely be disadvantaged by not having the opportunity to participate in the risk assessment process and potentially transition into the scheme rather than provide full surety.

The case for the threshold change, let alone a change of such a material nature, was not made by government. We propose a further amendment to the bill which provides the option for EA holders, or environmental authority holders, such as Metro to be able to opt in to the risk assessment process months prior to the environmental authority's annual review. This is of particular importance to Metro as it currently is assigned a high-risk category under the existing framework.

In light of the above, Metro recommends that the committee oppose the increase of 9,900 per cent to the prescribed estimated rehabilitation costs threshold and/or, as an alternative position, the committee accepts the increase in the prescribed estimated rehabilitation costs threshold but provides a further amendment to the bill that allows for EA holders, irrespective of current risk rating, to opt into the risk assessment process. Thank you for the opportunity to put forward our concerns to the committee.

Mr WEIR: Your submission basically deals with this one issue, the increase. Can you explain to me how that works? Are you saying this goes across a whole range of miners? You talk about junior miners. This is a scale that goes from $100,000 to $10 million depending on your risk; is that how it works?

Mr Imber: That is your ERC liability for each environmental authority. If it is less than $10 million in total liability, you will not be able to enter the scheme under the new bill; you will have to pay the money up-front.

Mr WEIR: That would affect you.

Mr Imber: Yes. We have two environmental authorities. The total is about $12 million. We have paid the government $10½ million despite not being profitable for three years; we have diligently paid that money. We will remain in that high-risk category irrespective of any changes to our balance sheets that may see us in a positive light because we are simply under the $10 million threshold that has been proposed.

Mr WEIR: Where has this come from? Has it been a recommendation from consultation or from an inquiry? Where has it come from?

Mr Imber: There has been public consultation. We would argue that there has been no case made by government to warrant such an incredible increase in the threshold.

Mr WEIR: What happens to those who are underneath that scale? Do they just have to produce whatever their levy is?

Mr Imber: Correct. It is either cash or through a bond perhaps. It is one and the same in terms of access to financial markets to have that sort of money.

Mr WEIR: As they are developing a project, before they get signed off they have to produce?

Mr Imber: In part. You have to pay for future disturbance, but you do not get a credit for future rehabilitation. If you are a junior miner starting, you have to pay up-front as your environmental authority comes online for the calculation for future disturbance and you would need to do that from the get-go.

Mr WEIR: Just out of curiosity, how did you find yourself in the high-risk category?

Mr Imber: It is undertaken by external parties who review the financial characteristics of a project. In some parts it is the absence of a government buy-in to the risk profile where government could look at a project and say, 'On face value it is probably not a low risk.' We understand what the economics are, but due to the importance of bauxite to the aluminium sector and to the global decarbonisation process, government could perhaps look at that and say, 'It is important for a junior miner in bauxite perhaps.' Where we are located there is a senior miner and we have seen what happens in Mount Isa when senior miners take decisions. I think that is where government could look at the importance of that risk profile calculation.

We are perhaps not in a unique position, but our environmental authorities are held by two separate subsidiaries within Metro Mining. The legislation at the moment is based on environmental authority ownership or who holds environmental authority. It does not look at the next level up and say, 'Both of those companies are subsidiaries in Metro Mining. Therefore, we should look at Metro Mining and the Bauxite Hills operation in entirety as a single fully integrated operation rather than just two operations on standalone environmental authorities,' which it does.

Mr HEAD: As a supplementary to that, can you elaborate on that—and you have touched on it. That does impact a lot of junior miners. On a broader scale, could you comment on how that might bring a serious sovereign risk consideration to investments in Queensland, especially with the lack of information from the department in bringing forward this change, and how that might also impact the Queensland government's Critical Minerals Strategy?

Mr Imber: That is a big question.

CHAIR: I was going to say that is not a quick question as a follow-on I am afraid, member for Callide. Could you be brief in your response so that the member for Mundingburra might get a question in?

Mr Imber: It is a great question because any change that is supported with great confusion within the mining sector—it is not sovereign risk; I think it is investment risk, which is probably not quite the same thing. We have seen it in the coalmining sector with change, confusion and uncertainty bringing commentary from overseas. I would expect that the uncertainty that this whole arrangement about risk or interpretation of the risk requiring up-front payment would probably say that investment would not be prepared to support in some cases.

CHAIR: In that high-risk category?

Mr Imber: Yes, correct.

Mr WALKER: The Miles Labor government has invested in this multi-user refinery for vanadium to encourage more investment in the vanadium sector. What do you see could be done to encourage the smaller miner and to encourage smaller investments in the mining sector?

Mr Imber: There is a great opportunity for government to come out and talk really positively about the importance of bauxite in the advancement of decarbonisation through the absolute requirement for bauxite for aluminium production. We are seeing globally a huge increase in the demand for aluminium and there is an opportunity for government to talk about the importance of bauxite in that space. We would also suggest, perhaps cheekily, that we could look at the royalties that bauxite has to pay, which is based upon decades-old arrangements for bauxite. It is significantly greater than the current base mineral royalties. That would be an outstanding opportunity for government.

We would also say there is an opportunity for government to look at the way bauxite royalties are calculated, particularly when there is a transshipment process, which is what we do, where costs for transshipment are not included in the costs that we are able to apply prior to the royalty calculation. We are paying royalties I guess on the cost of production to the barge-loading facility, which does not provide the opportunity to cover transshipment costs. That would be an opportunity for government to look at the economics behind junior bauxite miners, given in Queensland junior bauxite miners are few and far between yet are important, particularly when we are employing a 34 per cent Indigenous workforce and we are providing a lot of employment and purchasing power in North Queensland.

CHAIR: We are out of time. Thank you for appearing before us today. We appreciate your time.

Mr Imber: Thank you for the opportunity.

HAYLLOR, Mr Daniel, Graincott Farming Co. (via videoconference)

HAYLLOR, Mr Ian, Graincott Farming Co. (via videoconference)

CHAIR: Welcome. Thank you for the visit to your property last week. It was terrific to be up there in the region. I invite you to make an opening statement and then the committee will have some questions for you.

Mr D Hayllor: Thank you for coming out to our properties. We appreciate it. Dad and I thought we would both do an opening statement and then open it to you for questions, if that works for you.

CHAIR: Terrific; thank you.

Mr D Hayllor: Since you came out, I had a think about it even more. Why am I supportive of the coal seam gas industry? What has made me happy to let them on our properties? I think it is the evidence and the evidence that we showed you: that we have been able to continue to farm with gas around our properties and on our properties. I think that is the key thing. Let us look at districts that have had gas for five, 10, 15 years. These districts are still highly profitable areas. They have towns that are bustling. If there was such an issue with this industry, why have we not seen catastrophic issues in these areas already? I think that is a really key point. Let us look at (inaudible) are we able to farm and has an impact. From our experiences on our properties, and we have the experience, there is no impact. It is a low-impact way of extracting a resource for the community and I think that is really good.

The other key thing is let us look at subsidence. Are we going to get subsidence? Yes. Is it going to be of impact? Based on our experience, no, because once again let us look: have we been able to successfully farm our properties? Yes. It then comes to, with what you are looking at, gauging whether there is an economic impact to our businesses from subsidence, because we do not want to be opening up a bill or laws that allow people to get compensation purely because there is subsidence. I think that could be a highly risky thing to the industry and could really shut the industry down. I think that potentially may be a goal of other people associated with gas. For me, one of the key messages is that we need to structure it correctly so that we look at an economic impact to business. You ask the question: how do we gauge if there is an economic impact? Dad will touch on that a bit later but we have years of data. We have elevation data and we can look, as a long-term thing, to see if gas has had an impact on our business over time. I think that is very important.

In my closing, I think it is important to look at what the CSG industry has done for our business and the local community. I think the key word is resilience. Gas has allowed our local communities to develop; local businesses have been able to thrive. You can look at how Dalby has developed. It has provided vital jobs. It has aided in succession planning with our business and it really will have a multigenerational effect for us. For example, I had gravel on both sides of my house and my house got dust in it completely, and we now have bitumen roads. I also have an access road that was dirt; now it is gravel. During the recent wet weather—which, funny enough, was supposed to be a dry year but it is a wet year—having access to properties has been a great benefit to my business and also the community. I think that is the thing. The gas benefits the community. It has been a very positive benefit to our community, like our family and our employees, and it has been incredibly positive to the community outside of us—the local Dalby towns and other people. That is how I look at gas, and that is why I am confident with what we are doing and I am confident in how we participate with the gas industry and the results that we get working with them.

Mr I Hayllor: I will say a few words now. I started farming in 1982 in this area, with a 22 per cent share of a 620-acre farm, and now our family is farming in excess of 7,000 acres. On 1 July 2023 I handed over the operating business to my son, which he is very grateful for. As Dan said earlier, the compensation we are receiving from the gas industry has made that a lot easier with succession planning and supporting his two brothers.

We have always focused on science and research. Every year since we have farmed we have had a number of research sites looking at varieties, fertiliser use, chemicals and water use efficiency and, more recently, we have the subsidence management site on farm and an aquifer connectivity site on farm. Dan participates in a benchmarking group so we understand how our farm stacks up against other farms as far as profitability, input costs et cetera. Like Dan says, we have 10 years of yield data and elevation data across our farms. I have been working with government and companies for 15 years to make sure that we understand each other's business, identify risks, address them and make sure the industry leaves no negative legacy. I think there has been an incredible process over 15 years to get the industry to where it is now, and people who have been involved in that should take their hats off—government and companies.

About 30 per cent to 40 per cent of the wells that are on our farm have been developed. The rest are in the pipeline. We have subsidence on our farm and it is exactly as predicted by OGIA. You saw the farm where we met the other day that that area had dropped 70 millimetres. If you could tell that by the naked eye, you are a lot smarter than me. We are more than happy to call Arrow partners in our operation because that is how we see it. We work very closely with them. Dan spent a lot of time designing the whole development so that it fitted in within our tracks, tram tracks and roads and minimised the impact on our business.

Arrow came to the area and did a lot of community consultation and offered wells for everyone in the area. A number of people chose not to have the wells. The beauty of deviating wells are that they moved them onto cooperating properties and were able to leave landholders who did not want wells free to enjoy, I guess, unobstructed operation on their farm.

Dan has been through the make-good process because his bore was impacted exactly as OGIA said. That process was very efficient and ended up with good results. We had a change in insurance company and we ended up saving a premium by doing that. A lot of our friends have had a change in insurance companies, even if they are not in gas areas because, as everybody knows, it is getting very hard to get insurance now for all sorts of businesses.

Our dams were tested in a water use efficiency project for leakage, and I have no concerns about gas impacting the leakage or seepage out of existing dams. We have seen a core sample under our farm and there is a lot of clay and aquitards between the bottom of our dam and (inaudible) coal measures. The risk there I would say for us is zero.

Land prices are at record levels. If you put a farm on the market at Kupunn, there would be people queueing up at the gate to buy it. We have seen that there have been a number of sales in recent years and you can check that certainly with land valuation officers and real estate agents. We spoke to our bank manager today. I knew his view on it, but our bank has no issues with gas development on our farms and really appreciates the access to non-farm income through the compensation.

We believe we have enough data stored up so if we think there is an issue with subsidence we can identify it and calculate the impact on our business. As you know, the industry has been around for about 15 years and there are over 14,000 wells drilled. One would have to assume that between 500 and 1,000 farmers have wells on their properties. They have got neighbours so it could be 2,000 or 3,000 neighbours, and I do not know of a single person from those sorts of areas who has had an issue with subsidence but you can ask the GasFields Commission about that. We know we have got neighbours claiming subsidence, but have you seen independent data so they can actually prove it has an impact?

We fully support the GasFields Commission getting involved with (inaudible). I think there is a real problem there. If you can bring it up to the standard of the gas industry, you will do really well. The subsidence management plan must be simple, transparent and effective and not cause protracted and stressful (inaudible) negotiations. I (inaudible) the make-good model. It works really well, and the loss of water from a property is a much greater impact on a business than a little bit of subsidence.

Mr WEIR: Obviously you have a good relationship with Arrow. When we were out there the other day you said there is a need for a subsidence plan and you have just reiterated that again. Dan said that compensation should only be paid if it had an economic impact on business. That has been in a couple of submissions: that productivity is also very important; it is not just compensation. Would you agree with that?

Mr D Hayllor: It has to have an economic effect on the business. If you are not having an effect on your business, then subsidence is not affecting the business so I think it is key. People will be able to prove subsidence, but if there is no impact why is there any liability to a company? It is the key issue in this whole thing. I believe there has to be a subsidence management plan. I do not think anyone debates that. I think there has to be a plan but just be really careful how you word it and what the trigger points are for money or compensation to be paid. That is my biggest concern. No-one is sitting here saying that we do not need a plan; it is just how it is worded and how it works.

Mr WEIR: It is probably not that far apart—economic and production—because, if you are maintaining your production or increasing your production, it affects your economic bottom line. One of the things is the baseline data and the reliability of the data. I have said a couple of times and again today that I am concerned how we support OGIA because there are only a couple of people in OGIA. What support do we give them to reinforce the recommendations that go forward? They have got to resonate with landowners on the ground. How would you see supporting OGIA in making recommendations for subsidence management?

Mr I Hayllor: My view is that we have got the data. The lidar data can tell us whether our soil has moved. At that point, if it is established there is subsidence and the farmer is saying from yield monitoring that they have got an impact, then we get an independent loss adjuster in to do the job. It should not be for OGIA; it should be a profession that are already identifying loss adjustment right now. It is the same as hail insurance. We pay a hail insurance premium, and we know if we get hit there is a recognised process the assessor will go through to identify what our losses are going to be. That is accepted across the industry. We need to do exactly the same for subsidence. There needs to be an independent, clear process to assess losses that a landholder is facing and then make recommendations on how that should be fixed. At the end of the day, the farmer should be just as productive and just as profitable as he was prior to any impact from subsidence.

Mr D Hayllor: If I can add to that, for example, we had a hail claim on our property. I have been contacted by a loss adjuster, an agronomist. When we had the first claim, we called them. They came out within seven to 10 days and they looked at what had happened and they decided whether we should keep the crop or write it off, so we kept some and wrote some off. They have then come and monitored that crop two or three times. At the end of the season, we will provide them with all of our yield maps and they will compare those yield maps with a control. That could be either one of our paddocks that was not hit or a neighbour's paddock. For us this year we have no paddocks that have not been hit, so they will have to look for a control. You can see how that process is fully independent. They get all of the data from us—they get the gin data, they get our yield maps, they get everything—to make a final adjustment payment to us at the end. You can see how the process is already happening in agriculture to provide compensation for loss. I think you just need to look at that model and really relate it to subsidence as well.

Mr WATTS: You have primarily answered my question but I will ask a supplementary. What sort of cost per hectare is crop insurance? I do not understand your business so forgive me, but what is the potential loss from hail per hectare versus the potential loss from subsidence on a per hectare basis, if any?

Mr I Hayllor: That is a fairly difficult question. With hail we can have 100 per cent write-off and lose the whole crop which can cost you—I think the premium is about five per cent of the value of the crop, or in that area of five or six per cent, and then there is a 10 per cent (inaudible) that we lose as well. We set the value of the crop and the yield. That is basically how the payment is made at the end of the day—on your losses based on that formula. With the subsidence, the interesting thing is that we see it across this whole area that low areas produce more crop in dry years and less crop in wet years, so how do you calculate the losses from subsidence? That was an independent person's view and it needs years of data.

Luckily nowadays, with all the GPS equipment and yield monitoring equipment, we have this data. I would say all professional farmers are collecting this data every year. Our agronomists look at it to understand fertiliser requirements and to try and understand why one area of the farm is yielding less than others. We use that data to make management decisions. It is available and that is exactly how I believe we should manage subsidence: you look at the data. If it is saying, yes, in the last two or three years there has been an impact of yield loss in this area and the lidar is saying it has subsided, that is when you start looking at working out a compensation package. It will not happen in one year because, as we know, the soil goes down slowly.

The one thing we would like the industry to do is to always develop uphill so that there is less risk of causing impacts to drainage. It needs to be assessed over time because it does subside over time. The last time I had information from OGIA there was a 50 millimetre subsidence where we met you; now it is 70 millimetres. We cannot tell the difference but that is what has happened. It is slowly settling down and that is probably the limit of the subsidence we will experience. It will be a process over time to calculate the compensation. (Inaudible) the difference from wet years to dry years. We are going to need a very professional body that will be handling very complex claims in the agricultural sector. Those are the sort of people, I believe, we need to do this job.

Mr D Hayllor: We are part of a benchmarking group of 25 leading farmers on the Downs. The difference with hail insurance is that it is a one-off event while looking at subsidence could be a long-term journey to work out if there are losses. For example, in a drought, our dryland cotton can yield 0.8 of a bale per hectare and this year it is going to do 8½. It will be hard for people to look at an individual year and say that that is subsidence. It will probably take five to eight years of ongoing data and looking at an industry standard, which would be a group of growers, to work out if that individual grower has losses. That is the complicated thing: how do you measure it accurately and the amount of time you are going to need to measure if there are losses will be a significant period.

Mr I Hayllor: Adding to that, I believe that we should form a working group between the industry, the agricultural sector, AgForce, QFF and experts in the field to come up with a base template on how we should establish if or if not there has been any economic loss from subsidence. That process can be quite complicated. It is very easy to identify subsidence; it is quite complicated to work out whether there is an economic impact. We need that clear industry accepted or agriculture accepted process, which has been designed by agriculture, to assess the losses and work out a compensation package. I think is where we need to be travelling. Basically, the make-good process has done that for us.

CHAIR: Thank you very much, Ian and Daniel, for appearing before us here today. We are really grateful and again, thank you for hosting us out at your site. That concludes today's public hearing. I declare this hearing closed.

The committee adjourned at 4.35 pm.