# *CLEAN ECONOMY JOBS, RESOURCES AND TRANSPORT COMMITTEE*

**Members present:**
Ms KE Richards MP—Chair
Mr PT Weir MP
Mr BW Head MP
Ms JE Pease MP
Mr LA Walker MP
Mr TJ Watts MP

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

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

### TRANSCRIPT OF PROCEEDINGS

**Monday, 29 April 2024**

**Brisbane**

# MONDAY, 29 APRIL 2024

**The committee met at 10.01 am.**

**CHAIR:** Good morning. I declare open this public briefing for the committee's consideration of 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 respectfully 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; Joan Pease, member for Lytton; Les Walker, member for Mundingburra; and Trevor Watts, member for Toowoomba North. This briefing 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. You have been previously provided with a copy of instructions to witnesses so we will take those as read.

I also remind any members of the public that they may be excluded from the briefing at the discretion of the committee. I remind committee members that departmental officers are here to provide factual or technical information. Questions seeking an opinion about policies should be directed to the minister or left to debate on the floor of the House.

These proceedings are being recorded and broadcast live on the parliament's website. Media may be present and are subject to the committee's media rules and the chair's 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 present to please turn their mobile phones to silent or turn them off.

## COOPER, Ms Claire, Executive Director, Georesources Policy, Department of Resources

## PANDEY, Mr Sanjeev, Executive Director, Office of Groundwater Impact Assessment, Department of Resources

## RYAN, Mr Will, Head of Fiscal, Queensland Treasury

## SHANKEY, Mr David, Deputy Director-General, Energy, Department of Energy and Climate

**CHAIR:** I now welcome departmental officers from the Department of Resources and Treasury. I invite you to make a short opening statement after which the committee will have some questions for you.

**Ms Cooper:** I thank the committee for the invitation to provide a briefing on the Mineral and Energy Resources and Other Legislation Amendment Bill 2024. I would also like to begin by acknowledging the traditional owners of the land on which we meet, the Turrbal and Yagara people, and I pay my respects to elders past, present and emerging.

In June 2022 the Minister for Resources and Critical Minerals laid out a comprehensive development plan for the resources sector in Queensland. This plan is future facing to support a resilient, responsible and sustainable resources industry that grows as it transforms. The Queensland Resources Industry Development Plan outlines key focus areas that will support the resources sector navigate global shifts such as decarbonisation, ESG as well as enhancing its sustainability and resilience in a dynamic and changing economy.

The Mineral and Energy Resources and Other Legislation Amendment Bill takes steps to realise actions under this important plan for Queensland and the resources sector. The bill delivers actions relating to key focus areas in the plan fostering coexistence and sustainable communities. These actions will strengthen the state's coexistence institutions to support both the resources industry and the emerging renewable energy industry to build positive, mutually beneficial relationships with regional communities, landholders and the agricultural industry. It will also make amendments to improve the regulatory efficiency of the resources acts and to ensure Queensland's regulatory framework for the resources industry remains contemporary and fit for purpose. This is another key focus area of the Queensland Resources Industry Development Plan.

Regulatory efficiency amendments also include refining the Financial Provisioning Scheme. These amendments reduce risk to the state from resource companies not fulfilling their rehabilitation obligations and reduce administrative burden for the state by modernising company risk categories. A risk-based management framework to assess and manage the impacts of coal seam gas induced subsidence on high-value agricultural land will also be implemented under the bill. Finally, the bill also includes minor amendments to the Electricity Act for clarification purposes. I will now go through each of these amendments in a little bit more detail—firstly the expansion of the coexistence institutions.

As a coexistence institution, the GasFields Commission Queensland plays an important role in promoting coexistence between landholders, regional communities and the onshore gas industry. Stakeholders identified opportunities to broaden the scope of the commission beyond just the onshore gas industry and to help regional communities deal with a range of emerging land access and coexistence issues. This includes rapidly growing industries such as critical minerals and renewable energy.

In response, the bill will rebrand the GasFields Commission to Coexistence Queensland and broaden its remit to cover not only the onshore gas industry but also the renewable energy and broader resources industries. Coexistence Queensland will support the state's transition to a decarbonised economy by keeping stakeholders and, most importantly, landholders and regional communities informed of the opportunities and challenges relating to coexistence with the renewable energy sector.

Coexistence Queensland will be supported through the establishment of multiple community leaders councils. These councils will bring stakeholders together to discuss current and emerging coexistence issues and opportunities. The councils will consist of individuals who represent local governments, regional communities, the resources industry and the renewable energy industry. The commission's current research function will be broadened to reflect this expanded remit, ensuring Queensland government through Coexistence Queensland proactively addresses land access and coexistence issues across the state.

Meanwhile, the role of the Land Access Ombudsman, or LAO, will be strengthened by the bill, allowing it to mediate a broader spectrum of land access disputes. The LAO's remit will be expanded to enable it to investigate and provide an alternative dispute resolution pathway for a broad range of disputes. In doing this, it is anticipated that it will reduce pressure on the Land Court of Queensland. The LAO's functions are currently limited to investigation and resolution of land access disputes about existing conduct, compensation agreements and make good agreements.

While several inquiries have been received by the LAO over the years, very few matters are within its jurisdiction, seeing a majority of these matters being referred to other entities for resolution including the Land Court. The LAO's jurisdiction will be broadened to include investigation of breaches of access agreements and subsidence management plans, and subsidence compensation agreements under the new subsidence management framework. The LAO will also be able to provide less formal alternative dispute resolution services for parties seeking to negotiate or renegotiate conduct and compensation agreements, make good agreements, access agreements, subsidence management plans and subsidence compensation agreements, and compensation agreements for mining claims and mining leases.

Unlike investigations conducted by the LAO where a party must be compelled to engage in the investigation, the alternative dispute resolution function is intended to be voluntary. Both parties must agree to the LAO providing them alternative dispute resolution, or ADR, services. The LAO will need increased funding to fulfil this expanded responsibility. Accordingly, LAO's funding model will change from a statutory authority which is funded by government to a statutory body fully funded by an industry levy. This change creates an increased need for independent advice on the financial management of the office, so the bill stands up a new LAO advisory council. This council will provide this independent oversight and advice on the LAO's funding and administration of its functions.

The Office of Groundwater Impact Assessment, or OGIA, is an independent scientific body focused on investigation modelling and monitoring relating to groundwater impacts from resources activities. OGIA currently exercises its functions in relation to the underground management framework within the Surat Cumulative Management Area in Queensland. The bill expands these functions to enable OGIA to conduct independent scientific assessment and impact analysis to support the new subsidence management framework. This will give the office the authority to prepare periodic subsidence impact reports every three to five years under the new framework for a subsidence management area. OGIA will submit the report for approval by the chief executive under the Mineral and Energy Resources (Common Provisions) Act 2014.

The report will include cumulative assessment of existing and predicted coal seam gas induced subsidence, or CSG induced subsidence, on land. It will include a regional risk assessment identifying categories of land at high, medium or low to no risk of impacts from CSG induced subsidence. OGIA's report will provide a scientific basis for the assessment, monitoring and management obligations imposed on relevant resource authority holders. A technical reference group will undertake peer reviews of OGIA's scientific methods used in preparing the report. The purpose of the technical reference group is to provide assurance regarding the scientific rigour of the methods used by OGIA.

The bill also expands OGIA's existing industry levy to fund these new activities. OGIA is wholly funded through an industry levy which is paid by the resource authority holders. The levy is based on a cost recovery model where resource authority holders charge for the costs of OGIA completing work related to their resource authorities. Stakeholders including the resources industry will be consulted during the development of the levy details which will be implemented through the Water Regulation.

As mentioned earlier, the bill implements a new CSG induced subsidence framework. Landholders in the Dalby and Cecil Plains region have raised concerns about the impacts and management of CSG induced subsidence on the productivity of high-value agricultural land. In response to this, the GasFields Commission undertook a regulatory review of CSG induced subsidence in November 2022. The GasFields Commission made eight recommendations to government about a proposed management framework focused on providing landholders and industry with certainty on the process for assessing, managing and compensating for impacts associated with CSG induced subsidence on farming operations. The bill addresses all eight of these recommendations through the implementation of a risk-based management framework to address these impacts.

The subsidence framework is largely based on the adaptive management framework for underground water under the Water Act, which has operated successfully for a number of years. Under the new framework, a subsidence management area will be declared by the minister, triggering OGIA to prepare the subsidence—

**CHAIR:** Ms Cooper, is there much to go? I am cognisant of time.

**Ms Cooper:** I am going through the subsidence management framework, but I can move through to the changes to regulatory efficiency if that works.

**CHAIR:** It might be better to do that, otherwise we will run out of time for questions. Do you want to quickly wrap up where you are at and then we will move to questions?

**Ms Cooper:** I will move on to regulatory efficiency amendments. The bill delivers on some regulatory amendments to the resources acts. Some of those relate to the Fossicking Act to implement a new requirement for fossickers to receive written permission from mining lease applicants. Another key amendment is to improve the land release framework for exploration permits to ensure that there is a strategic way in which the minister may decide how and when land suitable for exploration is re-released to market. There is also enhancement to rent management and collection requirements under the Mineral and Energy Resources (Common Provisions) Act to respond to exceptional circumstances. Adjustments to aerial surveys conducted at 1,000 feet or above will also be made.

In terms of the improved financial provisioning scheme, there will be changes made to the Mineral and Energy Resources (Financial Provisioning) Act, the purpose being to manage the risk to the state if resource authority holders do not fulfil their rehabilitation obligations. This implements a recent review into the scheme. The bill will make amendments that will reduce compliance and administrative burden by increasing the prescribed rehabilitation cost for risk assessments from the current level of $100,000 to $10 million.

**CHAIR:** Ms Cooper, I am going to wrap you up now and we will move to questions from the committee.

**Mr WEIR:** We were discussing earlier how big this bill is. This is a massive piece of legislation and it is going to be a huge challenge for people to get submissions in in the time frame. It will not surprise you that I will start on subsidence. The area that I come from is one of the areas that this legislation is predominantly targeted at, I am assuming. There are areas around Dalby that are already under CSG activity, and there were questions there. There are other areas where CSG activity is imminent. If OGIA are to take oversight over the subsidence issue, do they have baseline data across all of that area now? How do you predict what that subsidence is going to be? I know there have been some figures. How accurate are those figures? Are they going to go to this oversight body that you were talking about as step 1?

**Ms Cooper:** I will speak to what the bill does and then I will let Sanjeev speak to the other point around what data is currently available. Under the bill, first, there will be a declaration of a management area by the minister, and it would be expected that it would be focused in on that particular area. Once that occurs, that triggers OGIA to start preparing a subsidence impact report. That will take about 18 months or so to be able to prepare. In that report, it will be using obviously a lot of science to be able to identify a regional risk assessment and cumulative assessment of underground water impacts and subsidence impacts.

It will also through that regional risk assessment identify three categories of land. Category A land will be high risk, where there is existing CSG induced subsidence or the high risk of that. Category B land is medium risk. Category C land is limited to no risk of CSG induced subsidence. When identifying those categories, that will then have a flow-on effect to the obligations that will be placed on relevant resource authority holders. One of those is around baseline assessments.

The resource holder will then have an obligation—and this is where you are dealing with category A land, which is high risk, and category B land, which is medium risk of CSG induced subsidence—to do baseline assessments. That will be looking at the slope and run-off. It will be looking at what exactly at a point in time the land forms are doing. Being able to gather up those baseline assessments will enable OGIA to be able to see what is happening to the land over time.

**Mr Pandey:** I will give a bit of context in answering the question, particularly in relation to the interrelationship between groundwater impact and subsidence impact. You can only have subsidence when you have groundwater depressurisation. In order to make an assessment of subsidence in terms of predictions, you have to first make predictions of groundwater impacts. For that reason, most of the dark land formation that you need for subsidence impact assessment is very similar to groundwater impact assessment—for example, in formation about geology, in formation about water production. We have been in that space around that area for the last 14 years, so we do have a large amount of data about the geology, petroleum and gas production, water production for a groundwater impact assessment.

Some additional data that we do need when we are trying to look at the subsidence assessment is particularly around how the ground is moving, which is a technique called InSAR, a remote sensing technique. In that context, there is sufficient and a large amount of data available on which basis we can make reasonable predictions and assessment of subsidence, noting that this is not a static thing. As we keep moving and as we keep getting more and more entering in formation and data, that assessment would keep improving.

**Mr WEIR:** What triggers level A and level B?

**Ms Cooper:** Level A is properties that are identified as having a high risk or existing CSG induced subsidence.

**Mr WEIR:** So what is that?

**Mr Pandey:** Where this is proposed, is my understanding, is different than in groundwater. For example, there is a very clear-cut threshold, like five metres, whether it is impacted or not. When it comes to subsidence, given there are a multitude of factors coming into play—depending upon the inherent slope of the land, what kind of soil type, what has been growing, whether it is dryland and irrigation—what is proposed, and even this is something we would be exploring, is to take a multicriteria analysis. That is, we consider all of those factors to categorise risk, as Claire was just speaking about before, so the threshold would be based on the risk assessment criteria and the outcome of that risk assessment.

**Mr WEIR:** My understanding of all this is that this is working to deal with subsidence and mitigating and working with landowners. It is not expected to stop it in any fashion, shape or form. In areas where there might be subsidence, will resource activity be halted until the data is fully available to the public?

**Ms Cooper:** There are going to be stops on production but not from the commencement. There will be a halt on production only when you have been identified as having category A land. There is also provision in the bill before a subsidence impact report for the chief executive to seek advice from OGIA around whether or not there is land at high risk, noting of course that a subsidence impact report takes 18 months. The chief executive can get that advice from OGIA and on that advice determine whether or not to issue a direction for a farm field assessment.

If that occurs, then there is a halt on production for anything that is on or under that category A land. That will continue until you have a point where either the resource authority holder does a farm field assessment on that particular land. If it is identified that there are very minor impacts on the farming operations, then production can start. If it is more than minor, then you have to move on to have a subsidence management plan. That plan pretty much goes through what a resource authority holder will do to be able to mitigate CSG induced subsidence on that particular land. It must be agreed with the landholder. Once you have that agreement, then production can commence.

**Mr WEIR:** Are you saying that if there is no agreement there is no production?

**Ms Cooper:** On that category A land, yes. Until you actually have an agreed subsidence management plan, there is a halt on new wells. I will also clarify that this is for new wells. If you have an existing well that is already producing on that category A land, then that can continue. This bill is not retrospective. It is only if you have a new well that has not started production; then there is a pause on production.

**Mr WEIR:** Obviously deviated wells and all that come into play as well. The financial provisioning obviously plays a part as well there for these gas producers who are working on this land. The landowners need to know that there is going to be a fund available if that company sells, shuts down, goes broke, whatever. The financial provisioning aspect of that is of huge interest. As I understand it, there is no compensation in this bill for landowners affected by subsidence. Is that correct?

**Ms Cooper:** There is compensation. It is dealt with in a different agreement; it is in the subsidence compensation agreement. The idea is that the subsidence management plan just deals with managing what actions will be taken to be able to manage that subsidence on that particular category A land. When you actually have an impact which is a compensable effect, then you can enter into a subsidence compensation agreement. It separates the two because the focus of the plan is very much upon what actions will be taken to be able to manage and mitigate CSG induced subsidence, and the compensation agreement is when there is impact. If you have any compensable effects that are impacting on a landholder from the time that the bill commences and assuming it is passed, you can rely upon the provisions around those agreements.

**CHAIR:** While we are on that topic, how frequent are the instances of CSG induced subsidence on agricultural lands?

**Mr Pandey:** In terms of the frequency, it is more about it is a continuous pattern that develops over a period of time and it is a fairly complex pattern. The CSG induced subsidence from one well does overlap with induced used up subsidence from another well. It keeps changing over a period of time. If nothing changes, in reality what does happen is at the same time the new wells and infill wells keep coming. It is a very complex pattern that develops. Over a period of time it gets flatter and flatter, if that answers your question.

**CHAIR:** Thank you.

**Mr HEAD:** As I understand it, companies have been required to do subsidence monitoring since the approvals for them to start producing commenced. Under what authority or approval has that requirement to monitor subsidence been imposed?

**Ms Cooper:** I will have to take that on notice.

**Mr Pandey:** I can answer the question. For monitoring, because we did some works as part of the *Underground water impact report*, our mandate at the time—and it still is—was limited to doing the reasonable assessment of subsidence. That is what we did in the *Underground water impact report* in 2021. However, that did not include any farm-scale or agricultural impacts.

**Mr HEAD:** Sorry, I am asking about the gas companies. Currently, as I understand, they are required to monitor subsidence across their activity area. I understand that is currently a law they have to follow. Is that in their approvals for production under their gas leases or is that under a different law? I understand companies have to monitor subsidence and report on it. Which is the responsible agency that gave them the gas approval, the production approval? I am curious as to the background to this and who said in the first place that companies have to monitor for subsidence? That is the question.

**Ms Cooper:** Thank you for the clarifying the question. We will have to take that on notice.

**Mr HEAD:** If you are taking that on notice, can I also ask: who imposed those conditions and who has been following up to ensure that compliance, that companies have actually been doing that monitoring as required under law?

**Ms Cooper:** Yes.

**Mr WATTS:** There is some talk about improving regulatory efficiency. As I am sure you would be aware, Queensland has been slipping down the rankings on things like the Fraser Institute when it comes to government regulation in comparison with Western Australia and South Australia. Can you elaborate on the changes and how they will improve the current situation for things like the Fraser Institute when it is calibrating regulatory risk and government risk? Obviously we would like to see Queensland move out of the high 20s up to where South Australia and Western Australia are in the under fives on that government risk ranking—and regulatory risk is an important part of that. Can you point to where these efficiencies are coming from and how they will impact?

**Ms Cooper:** There are amendments that work to improve the operation of the Petroleum and Gas (Production and Safety) Act 2004 and the Petroleum and Gas (General Provisions) Regulation 2017. These include clarifying the timing and number of sub-blocks required to be relinquished for authorities to prospect. They are also about requiring resource authority holders to have relevant environmental authority as a requirement of their application for amalgamating petroleum leases; allowing the minister when dealing with amalgamated petroleum leases where one lease has already commenced production to waive the requirement for a production commencement date for the amalgamated petroleum lease or to state the day on which petroleum production under any of the petroleum leases may start; also allowing the format and type of information required in petroleum production reports to be specified in the petroleum and gas reporting practice direction rather than under legislation. They are just some things which are part of the efficient operation of that act as well as the regulation.

We have noticed that currently resource companies need to provide periodic entry reports for aerial surveying. In some instances they also need to negotiate conduct and compensation agreements for every instance of aerial surveying regardless of the type, altitude or invasiveness of the activity. The proposed amendments in the bill establish that where aerial surveys are conducted at or above an altitude of a thousand feet above ground level, industry will not be subject to entry notices and periodic reporting requirements. The amendments will remove the ability for aerial surveying conducted at that level to be automatically considered an advanced activity, so you do not then have to go and negotiate conduct and compensation agreements. That was identified as something that was creating a regulatory burden where the risk to the landholder was seen to be very low.

**Mr WATTS:** Is there a compiled list of these regulatory things that you would be able to share with us that show the various aspects that are improving?

**Ms Cooper:** Yes, we can share that with you. In our written briefing to the committee we have identified those efficiencies.

**Mr WALKER:** My question is around coexistence. From the consultation undertaken to date—and this may have been covered—what aspect of the coexistence reforms have stakeholders supported to date?

**Ms Cooper:** Stakeholders have been very supportive of the changes to the coexistence institutions. We did go out for consultation at the time of the draft QRIDP, the Queensland Resources Industry Development Plan. Part of that was around coexistence institutions to bolster coexistence in Queensland. Everyone was very supportive of that change and there was no actual request for any changes to that focus area for QRIDP. We then went out to get further consultation on what that could look like. At that point it was identified that there is an opportunity to deal with some gaps between the various coexistence institutions, and as I mentioned earlier we are talking there about the Land Access Ombudsman as well as GasFields Commission Queensland and OGIA. It was also identified

that there were some opportunities to reduce duplication. Overall, there was great support for the coexistence institutions and it was very pleasing to see that the trust that had been built in the community with these institutions—there was no feedback of a need to rationalise in any way. They very much wanted to keep those institutions going but also wanted to see the broadened remit.

LAO, for example, had received quite a number of inquiries; there were a lot of requests for their support. However, it did not really fall into their jurisdiction and they had to refer a lot of those requests to other entities. That shows there was certainly a demand for their services which they were not able to fill because of the jurisdiction or remit they had. That has been expanded. Also the expansion of their roles and responsibilities very much allowed them to get involved a lot earlier in the negotiation of agreements. We hope to also have that ability to enhance coexistence and social licence between the resource industry and landholders.

**Mr WALKER:** Was there anything that was opposed by the stakeholders in relation to some of these reforms? Was there anything they did not like?

**Ms Cooper:** We have been working with stakeholders, especially over the development of the CSG industry subsidence management framework. It is quite complex and there are lots of elements to it. We have been working quite heavily with peak bodies as well as landholder groups, local governments and agricultural peak bodies. The feedback that we have received has been around whether or not resources is the appropriate department to oversee some of this work. We are interested in the role that the Department of Agriculture and Fisheries might play. There has been questioning around what production would look like in the course of the framework, which I spoke to a little bit earlier. That came from some of the peak bodies and resource companies. We have been able to refine some of the amendments to address that.

Landholders were very much interested in whether or not the bill would implement the recommendation from the GasFields Commission around critical consequences. Following on from that feedback, that has been included in the bill to deal with an instance where CSG induced subsidence may not be able to be managed and mitigated through the agreement of a subsidence management plan in which case there is an ability to apply to the minister if you can establish through evidence that there is a critical consequence where you have subsidence to the degree where it has become unreasonable and intolerable to the future running of a farming practice in that prime agricultural land area.

**CHAIR:** Our time has now expired. I note that a number of questions have been taken on notice. The secretariat will help facilitate those questions that have been taken on notice. We would need those responses back by 12 pm this Friday, 3 May 2024. That concludes the briefing. Thank you for appearing today. Thank you to the Hansard reporters. A transcript of these proceedings will be available on the committee's webpage in due course. Thanks again.

**The committee adjourned at 10.41 am.**