



Office of the
Coordinator-General

Our ref: DGBN17/167

13 FEB 2017

Mr Jim Pearce MP
Chair
Infrastructure, Planning and Natural Resources Committee
Parliament House
BRISBANE QLD 4000

Email: IPNRC@parliament.qld.gov.au

Dear Mr Pearce

On 6 February 2017, the Infrastructure, Planning and Natural Resources Committee (the Committee) held a public hearing about the Strong and Sustainable Resource Communities Bill 2016 (the Bill).

In relation to the question on notice on potential costs of implementing the proposed legislation, I provide the following information:

- Industry submitters have stated that there will be increased costs associated with:
 - additional compliance requirements for Coordinator-General's stated conditions of approval and
 - responding to any complaints to the Anti-Discrimination Commission Queensland (ADCQ).

However, industry groups have not provided any cost estimates.

- Local governments have submitted that they will incur additional costs from their formal participation in the proposed Cross Agency Reference groups. However, they have not provided any cost estimates.
- Increased responsibilities within the Office of Coordinator-General would include administration of a list of projects subject to the new provisions of the *Anti-Discrimination Act 1991*, expanded social impact assessment, compliance and monitoring. We are prioritising our resourcing to meet these increased responsibilities in this particular area.

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- The ADCQ stated that they could incur some additional costs arising from any complaints brought to it. However, the actual costs will depend upon the number and complexity of those complaints. ADCQ has not provided any cost estimates.

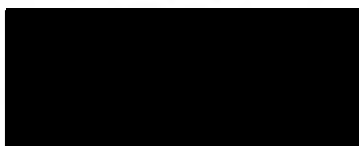
The Government has committed to undertake a regulatory review of the impacts of the proposed legislation within 18 months of commencement of the Act, so more detailed information will be available at that time.

In response to the Committee's mapping request, this task is ongoing, but please find enclosed a map of each project currently likely to be published under clause 13 of the Bill. The maps illustrate the nearby regional communities within a 100 kilometre radius of each of the 44 large resource projects. These maps are preliminary. The 100 kilometre radius has been taken from the mining lease/petroleum lease boundary for indicative purposes, rather than 100 kilometres from the 'entrance to the project' as specified in the Bill. Further work is required to establish the entrance to each project. This work is underway and will be completed prior to the publication required under clause 13 of the Bill. Due to their draft nature, the maps are not for publication. The individual maps have been provided on USB memory stick due to their size.

During the public hearing the Department of Natural Resources and Mines (DNRM) took a Question on Notice regarding the underground coal gasification projects of Carbon Energy, Cougar Energy and Linc Energy. I am advised that DNRM sought information from the Department of Environment and Heritage Protection (DEHP) in relation to this matter and that DEHP has provided the enclosed information to assist the Committee.

If you require any further information, please do not hesitate to contact Ms Sarah McPherson, Legislation Manager, Department of State Development on [REDACTED] legislation@dss.qld.gov.au, who will be pleased to assist.

Yours sincerely



Barry Broe
Coordinator-General

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Strong and Sustainable Resource Communities Bill 2016
Infrastructure, Planning and Natural Resources Committee
Brisbane Public Hearing – 6 February 2017

Department of Natural Resources and Mines Response to Question on Notice

In relation to the underground coal gasification projects of Carbon, Cougar and Linc, what was the level of financial assurance bond that was held for each of these projects? With each of the projects, what has been the cost to date to taxpayers for the fines and the court actions?

Financial assurance for Underground Coal Gasification (UCG) pilot trials

The UCG pilot trial participants (Carbon Energy, Cougar Energy and Linc Energy) were each initially issued with level 2 environmental authorities (EA) under the Queensland *Environmental Protection Act 1994*. At that time, the Department of Environment and Heritage Protection (DEHP) guidelines established the amount of financial assurance (FA) that had to be provided for a level 2 EA. This was capped to a maximum of \$20,000. A nominal FA amount was held for Carbon Energy and Cougar Energy in accordance with this guideline.

The *Environmental Protection (Greentape Reduction) and Other Legislation Act 2012*, included reforms that enable DEHP to require a change to the FA held. However, by the time these reforms came into effect, Cougar Energy was no longer in operation, Carbon Energy was in a decommissioning phase and Linc Energy was the only operational UCG pilot trial remaining. Both the former Cougar Energy and Carbon Energy sites are being actively rehabilitated and DEHP is closely monitoring progress.

In March 2015, DEHP attempted to increase the amount of Linc Energy's FA from \$3.6 million to \$29 million. Linc Energy appealed DEHP's decision to the Land Court, which initiated a complex and protracted legal dispute.

When Linc Energy went into administration (and later liquidation), the matter had already been in court for over a year. DEHP recovered the original \$3.6 million from Linc Energy's liquidators in 2016. These funds have been used for environmental protection purposes.

Costs

DEHP was allocated \$6.562 million in the 2015-16 financial year and \$5.170 million in the 2016-17 financial year for the regulation, investigation and prosecution of UCG companies.