QUESTION ON NOTICE

No. 748

asked on Thursday, 11 May 2006

MR MCNAMARA ASKED THE MINISTER FOR NATURAL RESOURCES, MINES AND WATER (MR PALASZCZUK)—

QUESTION:

What is the Queensland Government doing to encourage increased mineral and gas exploration in Queensland?

ANSWER:

As a vast and geologically diverse state, Queensland has proven areas of immense coal and mineral wealth.

The Mining and Petroleum unit within the Department of Natural Resources, Mines and Water is active in promoting Queensland as a world-class destination for investment in coal, mineral, geothermal and petroleum exploration and development. To support such opportunities, the unit provides key tools for linking public and private sector mining development information and expertise. Explorers and investors are provided with access to state-of-the-art digital geoscientific databases, and to highly skilled and motivated professionals who can advise on development and investment opportunities.

In order to stimulate further exploration in Queensland, the Government is spending $20 million over four years from July 2005 to double the area covered by modern geological and geophysical data. This Smart Exploration Initiative is targeting high priority regions such as, the Mount Isa Province, the Charters Towers – Clermont Gold Province and the Surat Energy Resources Province in southern Queensland, that have the greatest potential for the discovery of additional mineral and energy resources.

The initiative will provide ready access to geological and geochemical data to enhance Queensland's image as an attractive destination for explorers. The new data will also assist land-use planning, salinity hazard and groundwater reservoir definition, helping to ensure long-term sustainability of all of the State's resources.

Government provision of geoscience information is generally regarded as an essential prerequisite for maintaining an appropriate level of exploration activity. The Federal Government's Geoscience Australia has estimated that each $1 of government expenditure generates, on average, $5 of exploration expenditure by the private sector, and results in the discovery, on average, of resources worth $100 to $150.

The Queensland Government also encouraged exploration through the release of the Taroborah coal resource west of Emerald in September 2005, inviting tenders for petroleum and geothermal exploration in October 2005 and again for petroleum in April 2006.

In recent years, the Queensland Government has facilitated the commissioning of five new mineral projects and the expansion of five existing mineral mines. These developments include the new Cracow gold mine and the Black Star zinc-lead mine and major mine expansions at Cannington and at Weipa since late 2004. These projects have also provided direct benefits to the State through increased employment, export value, royalties and returns to rail and port corporations.

To help meet global demand for Queensland high quality coals, the Government has facilitated the development of new or expanded coal-mining operations at Hail Creek, Moorvale and Millennium, west of Mackay; Rolleston and Minerva south of Emerald; the Dawson Complex between Moura and Theodore; and Curragh North near Blackwater, to name a few. In addition to these committed developments, there are also a number of other coal projects at an advanced stage of assessment.

To ensure that Queensland infrastructure can continue to meet expanding coal production and export demand, the Queensland Government has committed to a program of extension and improvement to the rail and port networks, water infrastructure and other mining related infrastructure of this State. As at October 2005, the Government has confirmed government and private commitments to this end totalling $2.2 billion. In addition, an extended planning package of possible future infrastructure costing approximately $3 billion was announced at that time.

A number of these commitments have already bourn fruit, including the recent completion of the Bauhinia Regional Railway from Blackwater to Rolleston at a cost of $234 million.

To ensure that Queensland's infrastructure can meet increasing coal production and export demand, the Government announced in May 2005, its commitment to $1.4 billion of infrastructure improvement to the rail and port network and other mining infrastructure of this State. An additional $2.1 billion of planned infrastructure was also announced at that time.

A number of these commitments have already been completed, including the Bauhinia Regional Railway project at a cost of $234 million. Since the May announcement, the Government has confirmed an increased infrastructure package of government and private commitments totalling $2.2 billion. As well as, an extended planning package of possible future infrastructure costing approximately $3 billion has been announced.

Queensland also leads the way with the innovative development of legislation. Recent developments include the *Petroleum and Gas (Production and Safety) Act 2004* and the *Geothermal Exploration Act 2004*, Australia's first specific piece of geothermal legislation.

These government initiatives together, place Queensland on the world stage as an attractive destination for mining and petroleum investment.

Furthermore, the Queensland Government has been lobbying the Federal Government to introduce changes to the tax system to allow a flow-through share scheme similar to the Canadian Model.

This Model has led to a tenfold increase in finances raised by Junior Mining Companies in Canada and 122 new discoveries.

Despite our disappointing in Mr Costello once again rolling the Federal Resources Minister in Cabinet on this issue, the Queensland Government will continue to lobby for the schemes introduction so we can develop the next generation of mines and oil fields.