



Hon Andrew Fraser MP
Member for Mount Coot-tha



Treasurer of Queensland
Minister for State Development
and Trade

MN123504

22 JUN 2011

Mr Neil Laurie
The Clerk of the Parliament
Parliament House
Cnr George and Alice Streets
BRISBANE QLD 4000

Dear Neil

Thank you for your letters dated 1 June 2011 and 15 June 2011, forwarding petition numbers 1592-10 and 1701-11 in relation to coal seam gas (CSG) industry development. I have considered the petitions carefully and am pleased to provide my response.

The Queensland Government is committed to developing a sustainable CSG industry and recognises the need to balance this development with strict safety standards to protect the environment and social values of regional communities.

As you may be aware, gas was first used in Qld at the Roma Power Station in 1961 and has been used in our State electricity supply since the 1980s. Currently around 18% of all electricity generated in Queensland is from gas with electricity produced by liquefied natural gas (LNG) resulting in around 50% less greenhouse gas emissions than coal.

While the process of extracting CSG and subsequent conversion to LNG is well established, it is understandable for questions to be raised about the industry's potential impacts on the environment and communities. All Queenslanders should take confidence in the rigorous policy and regulatory framework being applied to this industry.

CSG operations in Queensland are subject to world class environmental compliance standards. Tough new legislation has recently commenced to protect groundwater supplies and the local environment if there are any impacts from CSG activities. The new laws apply to current and future projects, and require evaluation and strict management of impacts of water extraction from the CSG process on bores, aquifers and springs. CSG operators also have an obligation to 'make good' the impacts of their water extraction on existing water users. If water extraction by a CSG operation is affecting an existing water bore, then the responsible CSG operator must undertake measures to restore the bore's capacity to supply water or provide the bore owner with an alternative water supply.

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To improve understanding of groundwater impacts and better target future investigations, the independent Queensland Water Commission will oversee the groundwater management regime. This includes regional groundwater assessment and modelling to identify potential impacts from CSG water extraction on groundwater levels, preparation of cumulative impact reports, and development of strategies for assessing risk to springs and preventing or minimising these impacts. Research is also being undertaken into connectivity of aquifers as part of the Healthy Headwaters Project, with initial results to be publically available in late 2011.

Regarding the management of CSG water and by-products, this government's CSG Water Management Policy identifies preferred uses of CSG water and establishes a hierarchy in relation to salt management. Any CSG water and salt management options will be subject to environmental assessment before approval will be granted to ensure that Queensland's environmental values are protected.

Strict operating conditions also apply to hydraulic fracturing ("fracking"). CSG operators are required to prepare detailed risk assessment of fracking activities, notify landholders and government agencies before commencing fracking, monitor fracking activities and provide completion reports, and notify government agencies and relevant landholders of any fracking incidents. Further, companies are not allowed to actively use BTEX (benzene, toluene, ethylbenzene and xylenes) as a deliberate component of fracking fluids, consistent with this government's commitment to ensuring water quality is protected.

In response to potential disruption to agricultural businesses and culture due to CSG activities, new land access laws have been implemented that improve the transparency, equity and cooperation across both the agricultural and resource sectors in relation to access to private land. Importantly, the new land access laws provide landholders with greater protection about their rights, and strengthen compensation arrangements associated with resource tenures. A standard Conduct and Compensation Agreement has been developed, as well as negotiation tip sheets for landholders to identify the types of issues that need to be considered, such as impacts on the land, water and vegetation management, access conditions, consideration of cropping and livestock, rehabilitation and other obligations on the resource company.

To further assist landholders, AgForce has been engaged to conduct a series of workshops across the Surat Basin. These workshops outline to landholders their rights and responsibilities under the new land access laws and provide detailed explanation on how to negotiate a successful Conduct and Compensation Agreement. The workshops began in April 2011 and have been positively received.

This government is cognisant of the unique requirements of 'clean green' food producers in maintaining the integrity of their certified produce. For this reason, the government is working closely with the Biological Farmers Association to finalise a negotiation tip sheet specifically for organic growers, outlining the kinds of conditions that need to be included in Conduct and Compensation Agreements to enable an organic enterprise to continue to operate on the same land as CSG operations.

Apart from assisting individual landholders and businesses, this government is working to mitigate the cumulative growth impacts of the CSG-LNG industry on regional communities. To this end, project proponents are required to assess the cumulative impacts on regional infrastructure such as roads, railways and housing. Government approvals will be conditioned in order to manage the identified impacts on significant regional infrastructure.

With a strong regulatory framework already in place, the establishment of the LNG Enforcement Unit reinforces this government's commitment to ongoing vigilance. The LNG Enforcement Unit comprises specialists focused on responding to all CSG-LNG related enquires and investigations, including safety, land access, groundwater and environmental issues. It is a one-stop shop for landholders and other relevant stakeholders to resolve potential issues relating to CSG-LNG activities.

Moving forward, this government will continue to work cooperatively with landholders and regional communities to ensure that all Queenslanders benefit from CSG-LNG industry development. Industry investment is expected to exceed \$60 billion, providing increased job opportunities for Queenslanders and additional royalties to support ongoing reconstruction efforts and vital infrastructure for our State's long-term needs. The industry is a massive boost for local firms that have secured lucrative supply contracts in fields such as construction, engineering, manufacturing, operation and maintenance. As the CSG industry develops, there will be more job and local supply opportunities that will generate further wealth within Queensland communities.

Thank you for bringing the concerns of these petitioners to my attention. I trust this information is of assistance.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Fraser', written in a cursive style.

ANDREW FRASER