

12 December 2014

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
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Dear Taskforce Director

Thank you for the opportunity to comment on the Agricultural Competitiveness Green Paper ('Green Paper').

The Queensland Resources Council ('QRC') is the peak representative organisation of the Queensland minerals and energy sector. QRC's membership encompasses minerals and energy exploration, production, and processing companies, and associated service companies. QRC works on behalf of members to ensure Queensland's resources are developed profitably and competitively, in a socially and environmentally sustainable way.

The resources industry has proven it can coexist with the agricultural sector with many examples of mining and coal seam gas operations running parallel to successful agricultural business. Further, in many areas, the investment that the resource industry has made in regional infrastructure provides immediate benefits for the agricultural industry. Perhaps the most obvious example in Queensland is the mining industry's investment in Fairburn Dam, which provided secure water access to allow irrigated agriculture to spring up around Emerald.

The future competitiveness of both industries as they work side by side is imperative for the health of the national economy. The QRC comments in this submission are limited to those matters that relate to the coexistence of the two key industries – agriculture and resources.

QRC response to Policy Idea 5 – Protecting the resource base

QRC does not believe that a royalty payment to agricultural landholders is necessary. In many cases, such as CSG, where production of the same resource could occur on any one (or a number) of landholdings – having an incentive to host production, like a royalty payment – could drive perverse outcomes.

In addition, from a public finance perspective, royalty payments to the Queensland Government are the largest single line item of revenue and the \$2.5 billion dollars in 2013-14 would not easily be replaced.

Finally, as the resources industry is already required to compensate and make good for any impact on the agricultural business, an additional top-up payment of a royalty would seem like a 'double-dip' of income for the agricultural sector. Given all the Australia's efforts to reform competition policy over the past 25 years, it would seem a shame to implement a crude transfer from one trade-exposed sector of the economy (minerals and petroleum) to another trade-exposed sector of the economy (agriculture) without any analysis of the economic consequences for the Australian economy.

i) Limiting the adverse impacts of mining on the agriculture sector

It is true that Queensland's agriculture industry is not free from the impact of resource extraction activities. However, it is important to remember that resources surface disturbance is minimal, with resource activity disturbance in Queensland accounting for 0.1% of the total land area. Notwithstanding this, QRC understands that from a purely mapping view of tenures across Queensland, much of the state is covered by some form of resource tenure. However, a large majority of these tenures are for exploration activities that are low impact and can be adaptable to ensure minimal impacts to the landholder and their activity such as agriculture. In addition only approximately 1 per cent ever go on to become production tenures. Even for a production tenure, the size of the tenure will be usually five to ten times larger than the actual disturbance area.

It is very important not to confuse the property right of tenure with the actual disturbance of resource production. There are several orders of magnitude in difference between the former and the latter.

Over recent years the Queensland Government has introduced a number of new laws that add an additional layer of approvals in areas designated for priority agriculture and/or meet soil criteria determining the best cropping land in Queensland. This new approval process applies to resource projects and is enforced through the *Regional Planning Interests Act 2010* (which incorporates the superseded *Strategic Cropping Land Act 2014*).

The Priority Agriculture Areas and Strategic Cropping Areas are mapped out in Queensland's regional plans, which are currently in the process of being renewed to reflect their new legislative underpinnings. To date, the Darling Downs, Central Queensland, South East Queensland and Cape York regional plans have been mapped to include Priority Agricultural Areas and Strategic Cropping Areas.

Figure 2 – Priority Agricultural Areas (green areas) from the Darling Downs Regional Plan 2014



ii) Royalty stream or compensation for impacts from resource activities?

The Green Paper mentions that landholders impacted by mining should have a royalty stream from that activity. Royalty is a payment made to the State in recognition that the resources belong to the State of Queensland. QRC is not supportive of a royalty stream that only goes to affected landholders, particularly as existing laws require that landholders are compensated for any demonstrated impact on their agricultural business.

In Queensland the current law is that resource companies must compensate landholders (regardless of tenure holding type) for impacts from resource activity. Under the *Mineral Resources Act 1989* and the *Petroleum and Gas (Production and Safety) Act 2004* resources companies must enter into a Conduct and Compensation Agreement with the landholder **prior** to entering the land.

It is in the best interests of resources companies to minimise any impacts on landholders as in the case of production tenures, these relationships can span decades. The industry is focused on coexistence and how the resource activity can actually benefit a landholder, through shared infrastructure and/or water and/or improving land for agricultural purposes.

QRC continues to advocate for a process that fosters meaningful relationships with landholders, based on opportunities unique to each landholder and not just a price tag. Many QRC members believe landholders are actually now missing out on opportunities for constructive proposals for

in-kind benefits like new roads, grids, fences, bores and the like. These were typical of the arrangements which pre-dated the Land Access Framework now in place in Queensland which seems to have a greater focus on maximising monetary payments and provides a perverse incentive for a small cadre of legal advisers to manufacture conflict as a means of conflating their role with the costs reverting to the resource company.

iii) Fair access to freehold land to extract state-owned assets

QRC has long been involved in the development and implementation of land access laws in Queensland, with the original land access code, developed in 1995, being a negotiated agreement between QRC's predecessor, the Queensland Mining Council, and the Queensland Farmer's Federation together with a range of other associations that now form AgForce Queensland. Similarly, QRC was also closely engaged in the development of the land access laws in 2010, which led to the release of the Land Access Framework.

The Framework governs the process by which resource companies access private land. Firstly a notice of entry must be given to the landholder along with a notice of intent to negotiate a Conduct and Compensation Agreement.

In Queensland, access to private land, either freehold or leasehold, by a resource company is permitted so it can undertake resource activity. The intention of this policy is to maximise the chance of identifying and producing minerals and/or petroleum on behalf of the State. These resources provide a sizable income stream (over \$2 Billion for the 2012-13 calendar year) for the State of Queensland; funding hospitals, roads and education.

iv) Ensuring leading practice environmental outcomes

Policy idea 5 mentions that there must be no long term damage done to aquifers to change agricultural capacity. QRC realises that water is a matter of understandable concern for landholders and communities.

In Queensland each resources project is assessed based on its level of impact to the environment by the environmental regulator. There are very strict control measures in place in the form of environmental licensing conditions, along with monitoring and reporting. If these assessment processes identify any risk of impacts on existing water users, statutory make good requirements are imposed. These laws in Queensland were recently strengthened to ensure make good agreements are consistently applied across the whole resources sector.¹ A make good agreement ensures the landholder has another source of water supply if their supply is affected.

QRC encourages the Taskforce to speak with Queensland's Office of Groundwater Impact Assessment (OGIA) who is working closely with resource companies to monitor the development of the industry in relation to the potential impacts of water extraction.

¹ Recent changes to the Water Act 2000 under the *Water Resources and Other Legislation Amendment Act 2014*.

In summary the resources sector is proud of its record of good environmental management. The industry has worked hard to build and maintain effective long term relationships with landholders and neighbours.

Thank you again for the opportunity to comment on the Green Paper. If you have any questions on this submission, please contact Katie-Anne Mulder on 3316 2519 or [Katie-annem@qrc.org.au](mailto:annem@qrc.org.au)

Yours sincerely

A handwritten signature in black ink that reads "Michael Roche". The signature is written in a cursive, flowing style.

Michael Roche
Chief Executive