



Queensland Murray-Darling Committee's comments on the Mineral and Energy Resource Exploration – Productivity Commission Issues Paper December 2012

Exploration of mineral resources

Submission To:

Mineral Exploration Inquiry
Productivity Commission
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This submission is presented by the Chief Executive Officer, Geoff Penton, on behalf of the Queensland Murray-Darling Committee Inc. (QMDC). QMDC is a regional natural resource management (NRM) group that supports communities in the Queensland Murray-Darling Basin (QMDB) to sustainably manage their natural resources.

1.0 Background

QMDC supports policy reform and environmental regulation that provides a high level of protection for the QMDB consistent with the aspirations of the Regional NRM Plan. QMDC asserts the inquiry into exploration approval systems and processes (the inquiry) must take into consideration not only the individual impacts of each development or business exploration licence application but also the cumulative impacts of both a whole industry e.g. CSG mining and the total number of businesses or industries impacting on the ecologically sustainable development of a region.

QMDC recognizes that the health of the economy and social fabric of the people of the QMDB depends on the health of the natural resources. QMDC is committed to working towards this goal through processes that constantly seek to improve on current policy and legislation. QMDC's response to the Issues Paper is informed by the impact that both State and Federal environmental law processes and recent regulatory reform has had on the region, both positive and negative. There is a community expectation amongst QMDC member organisations and the landholders we work with that legislation, policy and planning instruments have an environmental bottom line that provides a high level of protection for a set of minimum environmental management standards.

2.0 General comments

QMDC's major concern is that industry is the driver for licensing regulatory reform and the argument for amending the current law is couched in terms such as reducing compliance and administrative costs to industry and government. The need to uphold environmental standards is an important factor for QMDC and the communities it serves.

Comments





QMDC believes the recommendations that result from this inquiry should ensure that those standards are not compromised or lowered because “economic development” is perceived as a major priority.

QMDC posits that mineral and energy resource exploitation should not solely be viewed as what is needed to maintain a strong economy in Queensland or Australia. Particularly given the economic reliance that tourism, agriculture sectors have on the state of our natural resource assets. Economic theory underlying this inquiry must address the importance of ecosystem services, their current status and predicted future threshold limits.

QMDC considers that if the key aim of this inquiry is to reduce costs and remove environmental safeguards to make it easier for the mining industry to explore and extract mineral resources, this is contrary to the object of, for example, the *Environmental Protection Act*, which is to improve the total quality of life, both now and in the future by maintaining ecological processes on which life depends.

QMDC do not see the changes in public expectations of the mining and energy industries strongly reflected in the Issues Paper and its proposed regulatory reform options.

QMDC agrees that legislation and policy should be reviewed periodically to ensure they remain on par and support best practices. However QMDC asserts the starting point for reform must be ensuring environmental protection and sustainability objectives are furthered by reform and not watered down because industry is having issues with the costs or the requirements of compliance. If there is a better way to ensure compliance with these objectives QMDC believes the protection of the environment must be the baseline from which any reform needs to start. A comprehensive understanding of the projected impacts of industry and business and compliance with regulation in the QMDB should be explored in relation to the impact on the region’s natural resources and other assets as identified in the Regional NRM Plan.

Overall QMDC is concerned that the drive to reduce regulation for the mining and energy industries and all the associated legislative change is swimming against the tide of community expectations of government. In our opinion the community expectations of government are to improve transparency of decision making, improve governance and safeguard environmental values and assets in balance with economic and social development. This illustrates that community have swung from development at almost any cost to genuinely seeking a balance of protecting our natural environment whilst developing a sustainable economic platform.

This Issues Paper seems to promote the removal of some safeguards for environmental management behind a façade of improved administrative efficiency. In our view there are other mechanisms that could improve administrative efficiency whilst not opening the door to environmental asset degradation e.g. a threshold limits approach.

At the very least QMDC recommends the inclusion of an assessment of threshold limits for Australia’s natural resources within the TOR for the inquiry. This would provide a better assessment of the issues relevant to exploration because thresholds limits would help to define those natural resource assets identified as being both nationally and statewide at risk to the impacts caused by exploration activities and infrastructure of the mining and energy industries and businesses.

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Setting threshold limits for natural assets (water (surface and groundwater); vegetation & biodiversity; land and soils; air; nitrogen, phosphorous, carbon elements) will help the Australian government to identify whether exploration can occur without causing adverse impacts, for example, generating or disposing of levels of waste that will cause unacceptable impacts on those assets within the defined threshold limits.

3.0 Specific comments

3.1 Assessment of effectiveness of exploration approval systems and processes.

QMDC asserts that the inquiry needs to articulate how the Productivity Commission is measuring effectiveness. We believe that the following matters should be considered as relevant to the issue of effectiveness of approval systems and processes and measured against:

- The long term protection and improvement of environment, ecosystem health and natural resources;
- The long term socio-economic sustainability of rural and urban communities; and
- The need to provide certainty for the communities that where natural resources will be impacted beyond their threshold limits exploration will not be allowed to occur in that area, region, bioregion or catchment

3.2 Assessment of efficiency of exploration approval systems and processes.

As per the comments above how is efficiency to be measured, and against what?

3.3 Assessment of regulatory burden

Throughout the Issues Paper there is a presumption regulation is a burden and unnecessary. QMDC is most concerned that the Commission is being asked to overcome “regulation burden” for mining companies without providing evidence that this is indeed a fact. QMDC, on the contrary would argue regulation is not stringent enough, and that more controls are required on exploration, including the establishment of no-go zones. Current economic analysis with regards to the economic benefits of the mining and energy industries are in our opinion seriously flawed.

QMDC asserts an assessment of costs needs to be provided as evidence that regulation is an actual ‘burden’. Techniques to determine this burden must be described in precise terms so that the source data, calculations, formulas, assumptions or methodology relied upon in making this statement are able to be reviewed and analysed in terms of the accuracy of the models used and whether all relevant environmental and socio-economic factors have been considered. Consequently because this evidence is not offered no reliance can be placed on the statement that regulation is in fact a burden.

QMDC argues that the presumed burden needs to be measured against each stage in the life cycle of coal, uranium, gold, CSG etc. Extraction, transport, processing, and combustion generate a waste stream and carry multiple hazards for human, fauna and stock health and the environment.

These costs are often described as “externalities” and are in our opinion wrongly deemed external to the mining and energy industry. Many of these “externalities” are also cumulative.

It has been estimated by Paul et al (2011)¹ that the life cycle effects of coal and the waste stream generated are costing the U.S. public a third to over one-half of a trillion dollars annually. If the damages are accounted for this conservatively doubles to triples the price of electricity from coal per kWh generated, making wind, solar, and other forms of non-fossil fuel power generation, along with investments in efficiency and electricity conservation methods, economically competitive.

3.4 International competitiveness and economic performance of exploration sector

QMDC argues that more importantly the environmental performance and ethical social practices of the exploration sector need to be assessed in terms of the burdens this sector place on regional communities and the social and natural resources and ecosystems they rely on to sustain themselves.

International market driven CSG operations have had a huge cost and social impact on the agricultural industry and rural landholders in Queensland.

3.5 Scope of ‘exploration’

QMDC argues that the focus of the inquiry solely on exploration undermines scientific intelligence around the whole life cycle of mineral resources. A holistic overview and inquiry would provide a more honest picture of true costs and benefits of industry as per the above comments.

Key stages in Fig. 1 require well-considered environmental and socio-economic assessment and regulation.

3.6 The economics of mineral and energy exploration

QMDC argues that because an assessment of the GDP offers a limited economic picture. The inquiry needs to expand its parameters for assessment to include broader social factors such as the quality of life, mental health of farmers, resilience of communities and related mining companies’ social license to operate.

The claim that the long-term viability of mining and energy resources sector is dependent on the discovery of “large, commercial quality deposits” needs to be qualified. QMDC would have thought it depended on the condition of and capacity of natural resources to support human populations and their exploitation of the natural environment.

¹ Paul R. Epstein, Jonathan J. Buonocore, Kevin Eckerle, Michael Hendryx, Benjamin M. Stout III, Richard Heinberg, Richard W. Clapp, Beverly May, Nancy L. Reinhart, Melissa M. Ahern, Samir K. Doshi, and Leslie Glustrom. 2011. Full cost accounting for the life cycle of coal in “Ecological Economics Reviews.” Robert Costanza, Karin Limburg & Ida Kubiszewski, Eds. *Ann. N.Y. Acad. Sci.* 1219: 73–98.



Mineral and energy deposits because they are public resources may in many circumstances be best left in the ground because the public good and interest is best met by promoting renewable energy resources especially if the condition of natural resources means any exploration and potential extraction will push that natural resource beyond its threshold limit.

Mineral and energy deposits serve a purpose outside of a human quest for profit and energy. What work has been done to assess impact of extraction on surrounding ecosystems and global integrity, e.g. change in gravity, weight, chemical composition of soils and substratum, and interconnectivity of underground aquifers.

If it takes 500-1000 projects to identify 100 targets = 10 projects. That surely means the industry is ridiculously over-rated.

Environmental and social impacts including cultural heritage, sustainability indicators such as community well-being, cultural preservation are missing from profit calculations.

3.7 Government influence

QMDC argue that a public resource that should be managed for public good. The focus of the inquiry should therefore focus on this, instead of being primarily concerned with company profit and regulatory obligation.

Quotes and references throughout the Issues Paper are biased towards mining – there is, for example, no assessment of boom/bust industry and whether this is acceptable for future regional and natural development especially if these are finite resources. QMDC argues that the Australian government needs to slow the mining and energy industry down and protect public resources for future Australian generations. The faster it is mined, the faster it goes to other countries. Questions the Issues Paper poses are therefore seriously flawed!

3.8 Productivity

Immediate productivity should be measured against a range of environmental accounts and costs to communities. The less damage that is left behind should be an indicator to measure productivity.

Other areas to assess why there are declines in industry could include:

- Job satisfaction e.g. impacts of FIFO on families;
- Environmental restrictions and industry not meeting regulatory requirements;
- Worldwide renewable energy preferences;
- Greenhouse gas emissions and carbon footprint of industries.

The fact that Australia is regulating industry and enforces environmental protection is important. Times have changed, yet it appears the Issues Paper is encouraging a return to the “gung-ho” days of mining. “Development must go ahead” attitude will potentially result in environmental disasters and travesties. Where is proof/evidence that regulations are “unnecessary” and “a burden” to productivity?

How many exploration permit applications are refused statewide or nationally?

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The State and Australian governments should establish no-go zones. QMDC would argue local government role and involvement should be the establishment of by-laws that ensure impacts from exploration such as waste, noise, lighting, etc. are adequately managed.

3.9 Compliance costs

If exploration is not profitable, more federal support should be given to the renewable energy industry. Bravo to the jurisdiction that doesn't allow exploration because evidence based science and the precautionary principle are applied!

3.10 Environmental issues

Non-invasive exploration activities - What are they?

Although Commission cannot re-examine government's response to independent review of EPBC Act – should consider relevant key issues in its deliberations.

Investors making more choices/decisions based on ethical considerations relevant to the protection of the environment.

4.0 Overall recommendation

QMDC urges the Commission to:

- Strongly recommend that exploration activities should not be permitted and limited in areas, regions, bioregions, catchments etc where the environment and natural resources and those communities dependent on them are adversely affected.
- Assess the whole life cycle of a mineral resource when determining the cost of regulation and the benefits of its exploitation.
- Broaden its assessment to include social impacts caused by the mining and energy industries on regional communities e.g. the mental health of farmers when faced with the uncertainty of impacts of CSG industry on their businesses; preservation of Aboriginal cultural heritage sites; FIFO and family dysfunction etc.



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