

17 April 2014

Hon Campbell Newman
Premier of Queensland
PO Box 15185
CITY EAST QLD 4002

Dear Premier

Alarming issues raised in Auditor-General's report must be addressed

Basin Sustainability Alliance is a landholder based group that formed in 2010 in response to growing concerns about the rapid expansion of the coal seam gas industry in Queensland, and indeed across Australia. We have many concerns about the impact this industry is having on our land, water, agricultural industry, our lifestyle and the future of our State. At the heart of the issue is our genuine fear for the future sustainability of the Great Artesian Basin and potential loss of groundwater for farming and regional communities.

The Queensland Audit Office's report on the 'Environmental regulation of the resources and waste industries' released recently puts a spotlight on many of the issues that BSA has been raising over the past four years.

Many times we fear our concerns have been somewhat disregarded. To see the audit report state that "EHP is not fully effective in its supervision, monitoring and enforcement of environmental conditions and is exposing the state to liability and the environment to harm unnecessarily", must surely have caught your attention.

One year ago, the ABC Four Corners television program uncovered some serious allegations in relation to the approvals of Australia's largest coal seam gas developments - Santos' \$18 billion project and QGC's \$20 billion project in Southern Queensland.

The program uncovered a flawed approval process revealing that the companies weren't required to supply enough information for an informed decision to be made about environmental impacts. Despite this, various government agencies permitted the developments to go ahead. The ABC report stated that under the previous Government, 'groundwater impacts' were not to be considered in the approvals process for CSG applications.

Despite the seriousness of this matter, over the past twelve months, we have seen no clear communication from government on how it plans to ensure that projects that have already been approved will be subject to appropriate environmental scrutiny.

Now the Auditor-General's report confirms that there has been, and continues to be, a defective system for environmental approvals and monitoring. That situation will only get worse until a clear message is sent that the "free for all" of the previous government approach is over.

We have been informed that the standard of applications for environmental authority applications is falling. We also hold grave concerns about way the CSG companies are applying to amend Environmental Authorities to allow for expansion of activities permitted without appropriate assessment or disclosure of risks. We have a recent example of QCG applying to amend an EA to allow for 'tight gas' production – when the risks of this type of activity have not been assessed. (We are writing to Minister Powell specifically on this particular matter.)

The Government's push to fast track approval for coal seam gas development is causing landholders and rural communities enormous angst. We understand the desire to cut red tape, but that should not mean less environmental protection or under-resourcing the departments that have the critical role of implementing the processes.

We do not feel protected by an 'adaptive management approach' that seems to be based on a reactive - *'let's wait until it's broken and then we'll try and fix it'* – approach rather than proactive approach. We do not have faith that the government is proactively caring for the environment and agriculture. The Auditor General's report has validated our fears.

We are concerned that wording in environmental authorities is too vague; and while companies are required to put in place plans, protocols and planning constraints, there is no auditing or independent assessment of compliance taking place.

We would urge environmental conditioning improved so that there is a legal framework that requires plans and infrastructure to be properly certified before construction and before it becomes operational – similar to the way certification by an independent certifier is required in the building industry.

We would like to see better resourcing of DEHP and CSG compliance unit to ensure appropriate time and expertise is dedicated to conditioning and monitoring.

We know that you want the best for this State. We urge you to take seriously the concerns raised in both the Four Corners report and the Auditor General's report. We request specific advice on how the Government is going to effectively audit CSG operations (including drilling of wells, impacts on underground water, treatment of produced water, and land and soil impacts).

We would be happy to meet with you or Minister Powell to discuss our concerns and your plan to deal with this very serious situation. We look forward to hearing from you.

Yours sincerely,



David Hamilton
Chairman, Basin Sustainability Alliance

CC: Hon Andrew Powell Minister for Environment and Heritage
Protection



Office of the Premier

For reply please quote: *MC/DS – TF/14/12058 – DOC/14/90612*

19 JUN 2014

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Dear Mr Hamilton

Thank you for your letter of 17 April 2014 about the expansion of the coal seam gas industry in Queensland. I have been requested to reply to you on the Premier's behalf.

As the Honourable Andrew Powell MP, Minister for Environment and Heritage Protection is best able to help you with this issue, I have taken the liberty of sending a copy of your letter to his office for consideration and direct reply to you.

Please be assured that Minister Powell will give your concerns full consideration.

Again, thank you for taking the time to write to the Premier.

Yours sincerely

A handwritten signature in black ink, appearing to be 'MP' with a stylized flourish.

MICHAEL PRAIN
DIRECTOR OF POLICY



Hon Andrew Powell MP
Minister for Environment and Heritage Protection

Ref CTS 14292/14

8 JUL 2014

Mr David Hamilton
Chairman
Basin Sustainability Alliance
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Dear Mr Hamilton

Thank you for the copy of your letter of 17 April 2014 to the Honourable Campbell Newman MP, Premier of Queensland, about the expansion of the coal seam gas (CSG) industry in Queensland, and reference to the Queensland Audit Office's report *Environmental regulation of the resources and waste industries*. As you are aware, the Office of the Premier has also referred your correspondence to me for direct reply.

I trust that the concerns about an environmental authority amendment application made by QGC Pty Ltd regarding tight gas have been addressed in my letter to you dated 15 May 2014.

Firstly, let me confirm that the Queensland Government has considered the report, and supports its recommendations. The Department of Environment and Heritage Protection (EHP) is already undertaking work to address these recommendations. Further information on these initiatives is provided in Appendix A of the report that is available on the Queensland Audit Office's website at <www.qao.qld.gov.au/reports-tabled-in-2013---14-financial-year>.

I was concerned that the report's conclusions were out of keeping with the findings and substance of the recommendations. I also believe that the report could have taken better account of the fact that serious environmental incidents in Queensland are rare, and that when they have occurred, EHP has successfully prosecuted those involved. It was also disappointing to note that several of EHP's initiatives to address matters identified by the report were already known, and initiatives were underway to address these. It was somewhat unfortunate then that the timing of the Queensland Audit Office's work meant that the effectiveness of these initiatives was not able to be assessed.

In regard to the assessment, prediction and management of impacts to groundwater from petroleum activities, including CSG activities, this is a high priority area of government activity.

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As you would know, relevant legislation administered by EHP includes the *Environmental Protection Act 1994* (EP Act) and Chapter 3 of the *Water Act 2000*. These administrative responsibilities are undertaken in concert with, and with the benefit of, the technical expertise of the independent Office of Groundwater Impact Assessment (OGIA) and the on the ground support of the CSG Compliance Unit in the Department of Natural Resources and Mines (DNRM). Overall, I am confident that the regulatory framework and our administrative arrangements provide a robust means for anticipating, avoiding and managing the groundwater and environmental impacts of this sector.

I note and appreciate your comments in regard to the funding of this important work for both EHP and DNRM's CSG Compliance Unit, however I am confident that these areas are resourced to deliver on the government's expectations.

In regard to your concerns and claims about environmental compliance and conditioning, EHP publishes a Regulatory Strategy to outline a long-term vision for its regulatory, compliance and enforcement activities. This vision includes a regulatory framework which is responsive to the needs of the government, industry and the community. At its core, this strategy reinforces EHP's objective of strong environmental management supporting sustainable economic development. The strategy also makes it clear that, while most operators are expected to and generally will do the right thing, for those who choose not to comply with their obligations, EHP will be consistent in taking prompt and strong enforcement action.

To help achieve the Regulatory Strategy's vision, EHP has and is introducing new policies and amendments to legislation to cut red tape and streamline processes so that there is a clearer focus on environmental outcomes. Lower risk activities like exploration are now able to be carried out subject to standard conditions that set clear, sensible and strong requirements and are publicly available. Setting standard conditions for lower risk activities also means that EHP can better direct its assessment effort to higher risk activities through detailed site specific assessments.

Another EHP initiative has been the development of the model environmental conditions for larger scale/risk petroleum activities. The model conditions have been produced using scientifically-based management approaches and advice from technical experts who understand the potential environmental impacts from petroleum activities. To improve clarity, the guideline provides both explanatory notes on describing how each condition is to be applied and interpreted, and on the head of power for imposing each condition under the EP Act. These conditions require certification by a suitably qualified person for plans, procedures, programs and reports. This certification is in addition to any enforcement actions under the EP Act that may require a certification or audit by a suitably qualified person. Further details are available on EHP's website at <www.ehp.qld.gov.au/management/non-mining/documents/guide-model-conditions-petroleum.pdf>.

In regard to your questions on how government will effectively audit the performance and compliance of this sector, I would like to highlight that EHP is committed to monitoring and managing potential environmental risks from CSG activities through a cooperative approach to compliance.

More specifically, the *CSG/LNG Compliance Plan—2013–14* details the planned compliance activities that will target current and emerging risks in the CSG to LNG sector, and outlines how EHP will focus its compliance resources. This plan is available on EHP's website at <www.ehp.qld.gov.au/management/non-mining/documents/csg-lng-compliance-plan-2013-14.pdf>. To further enhance its compliance capacities, EHP is undertaking a major renewal project that will improve the compliance framework. This will include more effective and efficient performance measurement and reporting to better target activities that support the achievement of environmental outcomes. The new compliance framework will also consider the use of third party auditors for lower risk sites. This initiative is mentioned in the Director-General's response to the draft report, also found in Appendix A of the Queensland Audit Report.

Thank you for your sentiments in regard to the Premier's intentions for Queensland. The government considers very seriously the task of balancing the needs of the environment, community and industry, and I appreciate your views and questions about risks and impacts of this sector and the government's work to address these.

I trust this response addresses your questions and concerns. Should you have further enquiries, please contact my Chief of Staff, Mr Troy Collings on 3719 7330.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Powell', written over a horizontal line.

ANDREW POWELL MP
Minister for Environment and Heritage Protection