



Impact Analysis Statement

A Summary Impact Analysis Statement (IAS) must be completed for all regulatory proposals. Once completed, the IAS must be published.

Summary IAS

Details

Lead department	Department of Resources
Name of the proposal	CSG-induced subsidence management framework
Submission type	Summary IAS
Title of related legislative or regulatory instrument	<ul style="list-style-type: none"> • <i>Mineral and Energy Resources (Common Provisions) Act 2014</i> • <i>Water Act 2000</i> and <i>Water Regulation 2016</i>
Date of issue	28 March 2024

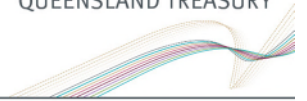
What is the nature, size and scope of the problem? What are the objectives of government action?

Coexistence between landholders and resources projects is complex. While a private landholder may own the freehold rights to the land, the Crown owns the mineral and petroleum rights that exist below the surface and authorises access to land for the exploration and extraction of these resources through the issuing of a resource authority. To ensure the recovery of these resources on behalf of the Crown, landholders are unable to withhold their consent to the coal seam gas (CSG) activities occurring on their property.

As a result, Queensland’s resources sector operates within a coexistence framework which seeks to balance the interests of resource companies and landholders, as well as managing environmental impacts and providing economic benefits to the people of Queensland including royalty streams which fund public services and infrastructure such as roads, schools and hospitals. This framework ensures that the State can continue to benefit from both the agricultural and resources sectors in regional Queensland, providing jobs, high quality food, fibre and energy products both within Australia and overseas.

Queensland has multiple pieces of legislation, administered by different government agencies, that set out regulatory requirements that support sustainable coexistence. These include:

- The Resources Acts (including the *Mineral Resources Act 1989*, the *Petroleum and Gas (Production and Safety) Act 2004*, the *Greenhouse Gas Storage Act 2009*, the *Geothermal Energy Act 2010*, and the *Mineral and Energy Resources (Common Provisions) Act 2014* (MERC Act)), administered by the Department of Resources.
- The *Environmental Protection Act 1994* (EP Act), administered by the Department of Environment, Science and Innovation (DESI).
- The *Water Act 2000* (Water Act), administered by the Department of Regional Development, Manufacturing and Water (DRDMW) other than Chapter 3, which is administered by DESI; and
- The *Regional Planning Interests Act 2014* (RPI Act), administered by the Department of Housing, Local Government, Planning and Public Works (DHLGPPW).



These frameworks however have not been specifically established to manage the issue of subsidence, potentially arising from CSG activities on a farm scale in the Surat Basin. Given the important role agriculture plays in this region, as the most significant contributor to employment and with commodities destined for the domestic and export markets, the risks from CSG-induced subsidence must be managed appropriately.

This problem is not a state-wide issue; rather it is confined to the gas industry operating on high value agricultural land in certain parts of the Surat Basin. To assist in providing cost-estimates for this impact analysis statement (IAS), preliminary estimates from the Office of Groundwater Impact Assessment (OGIA) indicate that between 40 to 60 farm fields may experience subsidence impacts across the life of the petroleum industry in the Surat Basin (and will require a farm field assessment under the proposed framework). It is also assumed approximately 250 baseline data collections will be required in the Surat Basin which will be based on regional data collection methods using tools developed by OGIA, and unlikely to require field surveys from companies.

Management framework for CSG-induced subsidence

The current framework provides for conduct and compensation agreements (CCA's) that may be entered into, where a landholder's property is within the area of a resources authority and advanced activities are proposed to be undertaken by the resource authority holder. Advanced activities are those activities that have more than a minor impact on the business or land use activities of a landholder. The CCA process involves negotiation between the two parties, and if an agreement is unable to be determined, the dispute can be referred to the Land Court by either party to seek a determination. According to the GasFields Commission Queensland (GFCQ), 5036 CCA's were in place at the end of 2020-21 financial year, with more than \$807 million paid in compensation to landholders. The RPI Act also provides for a Regional Interests Development Approval (RIDA) when voluntary agreements, such as CCA's, cannot be agreed between resource authority holders and landholders.

Additionally, section 81 of MERCP Act states that resource authority holders have a general liability to compensate landholders within the area of the resource authority for any compensatable effect caused by an authorised activity carried out by the resource authority holder. Compensatable effects include deprivation of possession of the land's surface; diminution of the land's value; diminution of the use made, or that may be made, of the land or any improvement on it; severance of any part of the land from other parts of the land or from other land that the eligible claimant owns; and any cost, damage or loss arising from the carrying out of activities under the resource authority on the land.

While compensatable effects may be experienced by landholders as a result of CSG-induced subsidence, the general liability to compensate and the CCA framework have several limitations when applied to CSG-induced subsidence.

Firstly, there is limited independent scientific evidence available to landholders and resource authority holders to determine the extent of CSG-induced subsidence at an individual farm field level, and the potential consequences for individual farms arising from CSG-induced subsidence impacts.

Additionally, CSG-induced subsidence occurs on a cumulative basis, where the activities of multiple CSG projects across a region may contribute to impacts in a specific location. As such, it is difficult to identify an individual project which holds the liability to compensate, without assessing the impact within a cumulative management framework.

Finally, subsidence impacts may also occur outside of the authorised area of a resource authority. This means that any off-tenure impacts are not able to be compensated under section 81 of the MERCP Act. As evidenced by the feedback received by government from both landholders and the resources industry, current arrangements have failed to address the challenges associated with seeking compensation for impacts from CSG-induced subsidence.



As a result of stakeholder concerns relating to the regulation of CSG-induced subsidence, the GFCQ undertook a review of the regulatory framework to see how it dealt with CSG-induced subsidence. In November 2022, the GFCQ released a discussion paper '*Regulatory review of coal seam gas-induced subsidence*' (GFCQ Review), which identified a number of gaps in the regulatory framework that it considered should be addressed:

- there is a knowledge gap in relation to the potential on-farm consequence and economic impacts of current and predicted CSG-induced subsidence
- depending on the circumstance, not all farming operations are afforded the same protections under the existing framework
- there is no clear pathway for impact assessment, determination or dispute resolution for landholders who believe that they have been materially impacted by CSG-induced subsidence
- there is an opportunity to enhance the regulatory framework to improve protections for landholders and provide greater certainty around obligations for the onshore gas industry.

As part of its regulatory review, the GFCQ made eight recommendations to government to address these issues. Six of these recommendations were supported in full, and two were supported in-principle, subject to further investigation.

What options were considered?

Subsidence Management Framework

For the purposes of this analysis, two options were considered to address the impacts of CSG-induced subsidence – option 1 is to retain the existing CCA framework and general liability to compensate and option 2 is introducing a risk-based CSG-induced subsidence management framework in line with the recommendations from the GFCQ.

Option 1 – Status quo

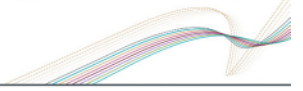
Option 1 is to maintain the status quo and do nothing in relation to the issue. The current regulatory gaps identified above would continue to apply. CSG-induced subsidence on agricultural properties will continue to occur without an adequate framework that addresses the identified issues and which provides a clear pathway to compensation for impacted landholders. This failure to act will mean the coexistence issues that are occurring between landholders and CSG companies will not be addressed and will likely continue to grow in the future, particularly in the Surat Basin.

Option 2 – Introducing a subsidence management framework

This option involves establishing a risk-based management framework to address the gaps identified for CSG-induced subsidence as recommended by the GFCQ. This framework will provide a clear regulatory pathway to assist both resources authority holders and landholders in assessing and managing the impacts of CSG-induced subsidence and providing for compensation to be paid by the resource authority holder if and when it is necessary.

The purpose of the risk-based framework is to assess and manage CSG-induced subsidence impacts from existing and future extraction of CSG where it is most likely to occur. As such it is not proposed that the framework will apply across the whole of Queensland, but instead it is intended to apply to a specific area or areas of the State where CSG activities are occurring. The MERCP Act would be amended to introduce the management framework, which will apply to areas that are declared under the MERCP Act, based on the likelihood of CSG-induced subsidence impacts, related to existing and planned CSG activities. This declared area will likely be similar to the Surat Basin Cumulative Management Area (CMA) for groundwater, with new areas able to be declared in other parts of the state should the CSG industry develop into other agriculturally significant areas.

A risk-based approach will be adopted within the declared area, using scientific assessments and regional modelling work from OGIA to determine the categories of risk for areas impacted by CSG-induced subsidence. The subsequent obligations and regulatory requirements for the relevant resource authority



holders will be based on the level of risk identified by a regional risk assessment in OGIA's subsidence impact report.

Where a property is identified as a high-risk area in the subsidence impact report, baseline data collection and a farm-field assessment will be required to be carried out by the resource authority holder. These assessments will include identifying changes in landform and rainfall run off and their likely consequences on the farming enterprise. The assessment must be undertaken by appropriately qualified persons and audited by an independent expert. As noted above, preliminary estimates indicate the requirements for a farm-field assessment may extend to between 40 to 60 farm fields and approximately 250 baseline assessments in the Surat Basin over the life of petroleum activities. These baseline assessments will be based on regional data collection methods using tools developed by OGIA and are unlikely to require field surveys.

If the farm field assessment identifies more than a minor existing or predicted consequence on the agricultural property or business, it will then trigger a requirement to develop an agreed subsidence management plan (SMP) with the landholder which will outline the mitigation, management or remediation works to be undertaken by the resource authority holder. Landholders will be able to engage agronomic and irrigation experts at the resource authority holder's expense provided they are reasonably and necessarily required to support the negotiation. This will also extend to any legal costs incurred by the landholder for the negotiation of the SMP. The management framework will also deal with CSG-induced subsidence impacts occurring both on and off-tenure.

The proposed CSG-induced subsidence management framework limits any new CSG production from occurring in high-risk areas until farm field assessments and SMP's have been finalised. To prevent unnecessary delays and address social licence concerns, the framework allows for landholders and resource authority holders to agree to opt-out on the interruption on CSG production from new gas wells while farm field assessments or SMP's are resolved. The framework also provides for landholders and resource authority holders to opt of a SMP, by agreement. There is no provision for opting out of a farm field assessment. This approach strikes a balance between ensuring the impacts from CSG-induced subsidence at the farm scale level continue to be assessed for high-risk sites, while allowing for flexibility in how, when or if those impacts are managed based on the risk tolerance of individual landholders.

The resource authority holder will also be liable to compensate for any compensatable effect arising from CSG-induced subsidence if and when it occurs and will need to negotiate a subsidence compensation agreement (SCA) with the landowner. It should be noted that the requirement to compensate does not constitute a new regulatory obligation. The obligation to compensate for impacts of authorised activities already exists; however, a specific general liability to compensate is being provided to clarify that the impacts of CSG-induced subsidence - both on and off tenure – are compensatable.

Alternative dispute resolution (ADR) services will be available where an agreement cannot be reached by the parties. It is proposed that the Land Access Ombudsman (LAO) play a key role to facilitate the agreement-making process through the provision of additional services. In addition, where parties cannot reach agreement about an SMP through either negotiation or ADR, there will be a mandatory referral process to the Land Court to make a determination.

In the instance where OGIA's subsidence impact report indicates that there will be moderate or low risk of impact from CSG-induced subsidence on land, this will trigger an ongoing monitoring requirement for the resource authority holder.

Where a landholder whose land falls into these lower risk categories reasonably believes that they have suffered an impact from CSG-induced subsidence, they may refer the matter to the chief executive of the Department of Resources for investigation.

Finally, where a landholder believes they have been impacted or will be impacted by a critical consequence as a result of CSG-induced subsidence, the landholder will be able to apply to the Minister to make a determination whether a critical consequence has occurred or will occur, and the Minister can then give a direction to avoid or mitigate the impact.



The subsidence management framework will impose obligations and requirements on the resource authority holder to prepare and complete baseline data collections, farm field assessments, SMP's and SCA's. As such the chief executive will have a regulatory role to ensure compliance with these requirements.

What are the impacts?

Status quo

Maintaining the status quo in relation to CSG-induced subsidence will not generate any new regulatory impacts on key stakeholders, however, there may be significant costs and impacts associated with this approach, as CSG-induced subsidence impacts on individual farming enterprises will not be able to be assessed and managed, and compensation liability will remain difficult to quantify.

Firstly, without a framework in place to assess and manage CSG-induced subsidence, there will be limited information available to understand the impacts on farming enterprises. These impacts may be negligible in many instances, however there may be instances where the impacts may affect the ongoing viability of farming operations and impact on a landholders' ability to produce crops and meet contractual arrangements. The framework is required to understand these impacts fully and to provide a mechanism to avoid, manage or mitigate them, and where necessary, to provide a pathway to compensation for an impacted landholder.

Secondly, without a clear pathway to identify, assess, manage and compensate for CSG-induced subsidence impacts, with clear recourse to ADR services, disputes between landholders and resource authority holders will likely escalate to costly legal proceedings in the Courts. Stakeholder feedback received to date has advised that a number of disputes which have occurred in relation to subsidence impacts have been difficult to resolve, with many of these disputes currently ongoing. This is due to the lack of a clear framework for identifying, managing, and compensating for these impacts, as well as a lack of pathways to ADR services available before entering the Land Court. These problems have generated significant costs for both resource authority holders and landholders, engaging a raft of technical and legal expertise, and causing significant delays.

In particular, landholders will be required to source technical experts to prepare scientific evidence and subsidence modelling to address a potential impact associated with the impact of CSG activities. This places a significant financial burden on landholders, who cannot withhold consent to CSG activities occurring on their land, and who are significantly less financially resourced to prepare for and litigate these disputes when compared to large resource companies. This imbalance in the negotiating process does not generate an environment which fosters the best possible coexistence outcomes.

Thirdly, without strong relationships with the local community and landholders, the resources industry may experience significant impacts on operations, ranging from reputational and social licence impacts to project delays and costs resulting from protracted and difficult negotiations. The resources industry recognises the importance of its social licence and, recognising the current threat posed, has called on government to develop a solution to the current concerns regarding CSG-induced subsidence. These delays if realised, have the potential to impact the supply of necessary gas to the East Coast Market and may impact on CSG producers' ability to meet their obligations to supply gas under legislation and commercial contractual arrangements.

Finally, the current regulatory framework has failed to provide certainty to industry and the community, in relation to how CSG-induced impacts will be managed. A variety of stakeholders have sought greater clarity from government on how subsidence impacts are considered. This lack of regulatory certainty impacts on investment confidence for the agricultural and coal seam gas industries. Additionally, both industries and communities affected by CSG-induced subsidence have expressed that the lack of regulatory certainty has significantly added to the emotional burden of managing land access negotiations, and about the future of agricultural businesses. By maintaining the status quo, this uncertainty will likely persist and be exacerbated as the industry develops.

Subsidence management framework

The proposed subsidence management framework has been designed to minimise the regulatory burden placed on landholders and the CSG industry, whilst ensuring that any impacts to farming operations from CSG-induced subsidence are properly understood, managed, mitigated, and compensated where necessary. To minimise the regulatory burden, the subsidence management framework will only be applied in declared areas. This ensures the extent of the impact of this framework is limited to areas where CSG activities are occurring.

Furthermore, in the declared areas, the framework will identify the risk to different farms and allocate different management obligations to the holders of CSG resource authorities based on the identified risk rating. For example, land within a high risk category will require a farm field assessment and potentially, a SMP to be in place, whereas moderate to low risk areas may be subject to monitoring obligations. The full extent of this impact is difficult to quantify until data is collected and a regional risk assessment is completed for the declared area. However, it is anticipated that this will not be materially additional to what the resource authority holders would otherwise be carrying out in the absence of the framework in response to subsidence issues.

OGIA and the subsidence management framework

OGIA is highly respected in its role of periodically assessing and managing the impacts of cumulative groundwater impacts including modelling, monitoring and assigning specific management responsibilities to resource authority holders. OGIA's primary function as an independent scientific entity is to support water and environmental management, and it is also active in engaging and educating the community on these issues to promote coexistence. OGIA's technical expertise in groundwater management is also expected to be transferable to subsidence management. As a result, OGIA have a key role to play in the proposed subsidence framework.

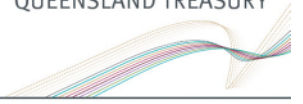
Given OGIA's existing role supporting groundwater impacts within the Surat CMA and established groundwater model, expanding its functions to address CSG-induced subsidence issues will provide long-term cost savings for resource authority holders and landholders. The majority of costs savings will be for the resource authority holders who would otherwise need to develop their own technical cumulative models and acquire information from other resource authority holders in order to build the cumulative model. Because of the cumulative nature of CSG-induced subsidence, like groundwater, it is more streamlined and cost-effective to have OGIA undertake the assessment on behalf of all resource authority holders.

OGIA is currently wholly funded by an industry levy and expanding its role will require an additional \$1.6 million of funding from the resources industry in the initial years before declining further to a more stable level. Due to OGIA's existing role in undertaking groundwater assessment and the synergies across the two functions, it is anticipated to deliver significant cost savings (estimated to be \$1.2 to \$1.6 million) compared to a scenario where the subsidence assessment is undertaken by another agency without this synergy. Similarly, it is likely to cost significantly more if the assessment is undertaken by resource authority holders. The framework will benefit all operators by addressing a key issue that is currently impacting the resources industry's social licence to operate and its ability to coexist with landholder and agribusinesses. The levy is an investment to ensure that this social licence is maintained and OGIA's work will be helpful for both industry and landholders should the issue emerge in other parts of the state.

Assessments will be required in three-to-five-year cycles, which should create cost efficiencies over time as the modelling work matures. It is reasonable to require this cost to be covered by the CSG industry due to the potential impacts created by its activities on intensively farmed land, and the fact that landholders cannot withhold consent to the CSG activities occurring on the property.

Landholders

A full cost benefit analysis of the impacts on landholders is not possible to be undertaken at this stage as it is not possible to estimate the full amount of costs and benefits that will accrue with any certainty.



However, from a qualitative assessment perspective, the framework seeks to minimise impacts on landholders by ensuring that independent science through OGIA's work is available to outline the risks associated with CSG-induced subsidence and by providing a pathway to have them assessed and managed, and that appropriate compensation is provided if and when impacts occur. As identified by the GFCQ in its regulatory review, these aspects of the regulatory framework are currently not clear and the introduction of the proposed framework will address the regulatory issues.

Landholders have also expressed various concerns regarding impacts to date that may potentially be a result of CSG-induced subsidence, and the risk of future economic loss due to reduction in yields, increases in costs associated with farming practices and associated property value decline. Where land falls within a high-risk category, a farm field assessment will be required. This provides protection to land that may be at high-risk of impacts from CSG induced subsidence, prior to any new production occurring. The subsidence management framework will also require landholders to be involved by providing any relevant information to resource authority holders upon request, reviewing documents and participating in the negotiation of SMP's and SCA's if required.

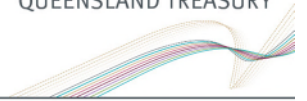
The direct impact on landholders is difficult to establish given the variables including such things as size of each affected property, farming practices and extent of potential impacts may influence the amount of time and effort required. However, all direct costs of undertaking and/or contracting technical experts throughout the framework process will be the responsibility of the resource authority holder. This again reflects the fact that landholders cannot withhold their consent to the CSG activities occurring on their property and are required to negotiate with the resource authority holder.

The framework also introduces additional agreements that require negotiation between the parties including a SMP and SCA. These agreements are necessary to provide the mechanisms to manage CSG-induced subsidence in farm fields with more than a minor risk of impact and to provide for compensation to address any impacts that have occurred. Non-binding ADR services will be required to assist these negotiations, and where parties cannot reach agreement, prior to the matter proceeding to the Land Court for a determination. This has been modelled on the ADR services for CCA's where the cost of the ADR provider is paid for by the resources company to minimise the impost on landholders.

There are a range of court processes that may be required as part of this framework where agreements are not able to be reached voluntarily or to review a decision by the administering authority (including for example critical consequences decisions). Where parties cannot voluntarily reach agreement, they will be required to undertake non-binding ADR prior to any dispute referral to the Land Court for a determination. Unlike the existing CCA process where one of two parties must initiate Land Court proceedings, the subsidence management framework will provide a compulsory Land Court referral where a SMP cannot be agreed to through negotiations or ADR processes. While the alternative avenues to resolve disputes without the need to proceed to the court benefits both parties by saving time and costs, an agreement may not be determined. To remove the onus from any one party to initiate proceedings in the Land Court, the subsidence management framework will include a compulsory referral for the resource authority holder to initiate the proceedings for a determination to be made. If matters do proceed to the Land Court for a determination, the parties will be liable for their own costs. However, given the uncertainty surrounding the extent of applications that may be received, the full extent of these cost impacts are unknown at this time.

Finally, the framework allows for consideration of critical consequence from CSG induced subsidence on farming enterprises and provides a mechanism to address those consequences. These critical consequences are intended to be those impacts that go beyond ordinary compensatory frameworks and include impacts that would unreasonably and intolerably change the primary land use (i.e. intensively cropped land), farming operations or economic output.

The Department of Resources is of the view that overall, the framework will benefit landholders, by providing regulatory certainty about how the impacts of CSG-induced subsidence will be assessed and managed, whilst minimising: the potential cost impacts associated with paying for individual analysis of subsidence



impacts; the costs of experts to assist in negotiation processes with CSG companies; and the cost of non-binding ADR services.

Resource authority holders

A full cost benefit analysis of the impacts on resource authority holders is also not possible to be undertaken at this stage as it is impossible to estimate the full amount of costs and benefits that will accrue with any certainty.

However, from a qualitative assessment perspective, the framework is designed to minimise the impact on CSG companies operating in declared areas by identifying areas of risk and imposing regulatory obligations that are commensurate with the risks. It will also assist in facilitating ongoing development of CSG in areas where intensive agricultural activities are occurring by providing independent scientific advice from OGIA in relation to CSG-induced subsidence and its potential impacts and introducing more certainty of process for resource authority holders.

For resource authority holders whose operations are identified in the high-risk category, new regulatory obligations will apply in relation to data collection, farm field assessments, and the negotiation of SMP's and SCA's with impacted landholders. In line with the risk-based nature of the framework, the requirements will not apply to all farm fields in the declared area, minimising the regulatory burden and cost impacts on resource authority holders. Based on preliminary estimates from OGIA, it is anticipated that between 40 to 60 farm fields in the Surat CMA could be considered high-risk. The impact following commencement will require the resource authority holder to undertake the baseline and farm field assessments of these properties before the prescribed date in the subsidence impact report published by OGIA, unless all parties agree that new production can commence ahead of completing a farm field assessment and a SMP. Overall, approximately 250 baseline data collection may also be required across the Surat Basin, however, these will not require immediate action, or field surveys. It will instead rely on regional data collection methods using tools developed by OGIA.

The framework seeks to prevent unnecessary delays to CSG production while balancing the risks identified to particular farm fields. This has been done through the inclusion of an ability to opt-out of the delayed commencement of CSG production from new gas wells while farm field assessments and SMP's are finalised as required. The framework also provides for landholders and resource authority holders to opt-out of a SMP, by agreement. But where a SMP is required, set timeframes will be put in place to ensure the negotiation and ADR process cannot delay production for an extended period. If agreement cannot be reached in these processes, the compulsory referral to the Land Court will ensure an agreement is determined, a decision which has been removed from either party.

The added cost to resource authority holders in terms of management activities, compensation and payments for landholder costs could also vary significantly and are not able to be accurately quantified. These variations include the availability of experts in the region, experience, the extent of work to be performed which may vary between farming practise, property size and time required to undertake the baseline and farm-field assessment. The extent of these variables means that, until the framework is established, it is difficult to quantify the potential impact. Contractors and technical experts may offer different charges, depending on the market value for these services. In regard to compensation, it should also be noted that this is not a new obligation as resource authority holders are already required to compensate for any impact caused by authorised activities.

There are a range of court processes that may be required as part of this framework where agreements are not able to be reached voluntarily or to review a decision by the administering authority (including for example critical consequences applications). Where parties cannot voluntarily reach agreement, they will be required to undertake non-binding ADR prior to any dispute proceeding to the Land Court for a determination to provide avenues to resolve disputes without the need to proceed to the court, saving time and costs for the parties. The costs of the ADR provider will be paid for by the resource authority holder which is currently the case for other land access negotiations such as for CCA's. If matters do proceed to the court for a determination, the parties will be liable for their own costs. However, given the uncertainty



surrounding the extent of applications that may be received, the full extent of these cost impacts is unknown at this time.

Despite the concerns raised by resource authority holders regarding these costs, the potential impact of CSG-induced subsidence on landholders and the community requires a framework that is willing to address their concerns in order to ensure ongoing coexistence of these important industries. Its establishment will help CSG companies to continue to coexist with host landholders, and more generally assist the sector in maintaining its social licence to operate. It will also provide greater certainty to the CSG industry and support ongoing gas supply to domestic and export markets. It is also considered appropriate that the CSG companies carry these costs given the impacts to host landholders are created by their activities to produce gas and that there is no ability for landholders to withhold their consent to the CSG activities occurring on their property.

Additionally, as noted above, the framework seeks to alleviate some of the potential cost to CSG companies through OGIA's involvement in cumulative assessments.

As such, the benefits of such a framework are considered to outweigh the potential costs, whilst supporting coexistence between the agricultural and resources sector in the region.

Government

Considering the assumptions outlined above, the cost to government is likely to arise from additional regulatory functions required to oversee the framework to ensure that it is being implemented as designed, and that any documents required to be provided are stored electronically with other tenement related information, and to respond if non-compliance occurs. These costs are expected to be largely staffing costs which are likely to be absorbed within existing resources.

Conclusion

Both the resources and agricultural industries make a significant contribution to Queensland's rural economies, therefore fostering coexistence between the sectors provides greater benefits compared to the costs of not taking action. This risk-based framework is intended to assist in ensuring ongoing production of CSG can occur in areas where intensive agricultural activities are occurring, while ensuring protections for impacted landholders and agricultural businesses. While there are likely to be increased costs for both landholders and industry as a result, these costs are believed to be outweighed by the social licence and coexistence benefits, and the ongoing certainty and protections provided by the framework.

Who was consulted?

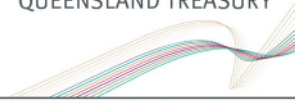
1. GFCQ consultation for regulatory review

The regulatory review of CSG-induced subsidence undertaken by the GFCQ involved extensive consultation with a range of stakeholders from January 2022, and was informed by other stakeholder conversations that had been occurring since June 2020. This process is set out in the Appendix to the GFCQ regulatory review of coal seam gas-induced subsidence.¹ This included public release of a discussion paper by the GFCQ for six weeks of targeted consultation between 20 May 2022 and 30 June 2022. Additionally, stakeholder groups representing landholders, local government and the agricultural and resources industries were engaged as part of the GFCQ's targeted consultation.

2. Department of Resources consultation paper: *Coexistence Institutions and CSG-induced subsidence management framework*

Following the government's response to the GFCQ's regulatory review of CSG-induced subsidence in May 2023, the Department of Resources released a consultation paper seeking feedback on the government's proposed subsidence management framework. This paper was released on 27 September 2023 and provided high-level proposals on how the proposed framework could operate.

¹GFCQ_Regulatory-review-of-coal-seam-gas-induced-subsidence-report_FINAL.pdf see page 22-23



Consultation remained open on the paper until 8 December 2023, with the department receiving 95 submissions from stakeholders. Submissions from a broad range of stakeholders indicated in-principle support for a cumulative management framework to address the impacts of CSG-induced subsidence. However, several submissions provided feedback on how the proposed framework could be refined to better manage the regulatory burden, whilst ensuring improved coexistence outcomes. Further targeted consultation was also undertaken in February 2024 specifically regarding the consideration of critical consequences proposed.

The key concern raised by the agricultural sector was in relation to whether the RPI Act would continue to consider CSG-induced subsidence as an impact requiring approval. This is a matter for the Department of Housing, Local Government, Planning and Public Works.

Concerns were also raised in relation to whether critical consequences and other aspects recommended by the GFCQ, would form part of the proposed management framework. These aspects, while not initially forming part of the proposal, have since been further considered and integrated into the current proposed subsidence management framework as discussed throughout this IAS.

Landholders also had concerns that the framework would be administered by the department, suggesting it should instead be administered by the Department of Agriculture and Fisheries or as part of the RPI Act by the Department of Housing, Local Government, Planning and Public Works.

Stakeholders from the resources sector indicated that the RPI Act was not appropriate to consider CSG-induced subsidence impacts. They also outlined concerns about delays and the potential for additional costs arising from proposed new landholder agreements. Given the existing land access framework for coexistence currently sits under the resources legislation due to its direct relationship to the resources sector, it is reasonable to retain this structure. The department will be working closely with other departments and OGIA to ensure the framework considers all relevant aspects to achieve the best coexistence outcomes.

The agricultural sector and community members raised issues about the financial and time impost of fulfilling obligations underpinning the framework, and the potential impact on their ability to conduct business and farming activities, particularly during periods of peak agricultural seasonal activity. Some resource industry stakeholders suggested that a streamlined framework prescribing reasonable timeframes could support resource authority holders and landholders who have existing positive relationships and enable the efficient negotiation of agreements. The department has built in timeframes where appropriate into the framework to reduce delays, however resource authority holders will likely still experience some delays given the need to undertake baseline and farm field assessments in the first instance to determine the extent of potential CSG-induced subsidence impacts in the Surat. This is outweighed by the positive impacts the framework will have in the long term for both the community, the resources sector and the agricultural sector.

Stakeholders were also seeking that the government address situations where they believe coexistence between the resource and agricultural industry may not be achievable. These concerns include the request for a moratorium on CSG activities and further scientific enquires on the impact subsidence and other issues such as well corrosion might have on the agricultural sector, particularly where impacts could result in permanent impairment of productive agricultural capacity. These concerns have been considered as part of the critical consequence aspect of the framework, noting the purpose of the framework is to facilitate and support coexistence between the resources and agricultural sector.

This feedback was considered by the department and, where appropriate, incorporated in the final proposal. As a result, there are no outstanding material impacts that have not been addressed in the proposed subsidence management framework.

What is the recommended option and why?

The adoption of a risk-based management framework for CSG-induced subsidence impacts is the preferred option (**option 2**). It is envisaged that it will provide certainty to industry and the community, allow for better coexistence outcomes, assist industry in maintaining its social licence to operate, provide a mechanism for


landholders to have any subsidence impacts managed, and introduce a greater level of regulatory certainty for both agricultural and the CSG industries where they are required to coexist with each other.

Impact assessment


All proposals – complete:

	First full year	First 10 years**
Direct costs – Compliance costs*	Full suite of compliance costs not available. ^however note proposed OGIA levy is forecast to be \$1.6 million in the first year of operation.	Not available ^ cost over a ten-year period cannot be established given the variable nature of the framework.
Direct costs – Government costs	Not available	Not available ^ cost over a ten-year period cannot be established given the variable nature of the framework.

Signed



Director-General, Department of Resources
Date: 02/04/2024



Minister for Resources and Critical Minerals
Date: 09/04/2024