



RIS Ref: DNRME0047-0919

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19 September 2019

Mr Kris Campbell
A/Manager
Department of Natural Resources, Mines and Energy
1 William Street
BRISBANE QLD 4000

Dear Mr Campbell

Decision Regulatory Impact Statement—Development of a levy structure to fund the expanded role of the Office of Groundwater Impact Assessment

Thank you for your enquiry on 9 September 2019 seeking advice on the adequacy of the 'Development of a levy structure to fund the expanded role of the Office of Groundwater Impact Assessment in the mining sector' Decision Regulatory Impact Statement (RIS).

Background

The Department of Natural Resources, Mines and Energy (the department) notes the Office of Groundwater Impact Assessment (OGIA) is responsible for undertaking assessments of the cumulative impact on groundwater from the operation of resource tenure holders in Cumulative Management Areas (CMA). The department advises that at present, there is one CMA (Surat). The OGIA has undertaken groundwater impact assessments for petroleum and natural gas tenure holders operating in the Surat CMA for the past eight years.

The department notes that if coal mining is included in the Surat CMA then OGIA is likely to incur additional annual costs of \$0.25 million to \$0.4 million and if a CMA is declared for another region then OGIA is likely to incur additional annual costs of \$1.2 million to \$1.7 million. These cost estimates are preliminary and are based on OGIA's experience in undertaking similar work for petroleum natural gas tenure holders in the Surat CMA.

The OGIA also has functions outside CMAs including an advisory function to the Department of Environment and Science on issues relating to groundwater impacts from resource development across the state and maintenance of relevant data and information. The department advises that the costs associated with OGIA's functions outside CMAs are expected to range from \$150,000 to \$250,000 annually.

Proposal

The department released a Consultation RIS on 17 June 2019 presenting the following three levy options to fund the possible expanded mining related functions of the OGIA within CMAs:

- Option—no mining levy
- Option 2 (2a and 2b)—levy is based on the land tenure area for relevant classes of tenures
- Option 3 (3a and 3b)—levy is based on the volume of associated water extracted or projected to be extracted.



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Option 2b introduces a levy rate for Mining Lease holders and a separate levy rate for Mining Development Licence holders with an active environmental approval process. The Consultation RIS concluded that option 2b should be adopted because it better aligns levy costs with the cost of OGIA performing functions specific to the tenure holders.

In addition, the Consultation RIS presents the following options to fund the OGIA's work outside CMAs:

- Option 4—levy based on tenure area outside CMAs
- Option 5—a flat amount applied to all mining projects that are reporting associated water take above a threshold of 500 megalitres per year.

The Consultation RIS concludes that option 5 should be adopted because it efficiently captures the tenures that drive OGIA's costs, promotes transparency and administrative efficiency and is consistent with the structure of the existing petroleum and natural gas levy.

The Consultation RIS was open for comment until 15 July 2019 and four submissions were received. The department notes all submissions were supportive of OGIA recovering its costs via levies on mining tenure holders for OGIA's work inside and outside CMAs. Most submissions supported option 2b and all submissions supported option 5.

Assessment of Decision RIS

The purpose of a Decision RIS is to reflect the outcomes of consultation on proposed regulatory amendments, including how stakeholder views were taken into consideration in developing a final recommendation. The Decision RIS continues to present option 2b and option 5 as the department's preferred options.

The Queensland Productivity Commission (the Commission) has assessed the Decision RIS and considers it adequately presents the results of consultation, details of the department's response to stakeholder feedback and a discussion of the impacts of the proposal. Given this, the Commission considers the Decision RIS is adequate to support the decision maker's consideration of the proposal.

Consistent with the Queensland Government Guide to Better Regulation (the guidelines), the final Decision RIS and this letter of adequacy will be published on the Commission's website following approval of the RIS for release.

Please contact Dominic O'Neill, Senior Analyst, on (07) 3015 5164 if you require any additional information or guidance in relation to the above comments or the guidelines in general.

Yours sincerely



Christine Tozer
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