



LEGISLATIVE COUNCIL

GENERAL PURPOSE STANDING COMMITTEE NO. 5

MEMORANDUM

To	Hon Ian Cohen MLC Hon Richard Colless MLC Hon Kayee Griffin MLC Hon Sylvia Hale MLC Hon Don Harwin MLC Hon Henry Tsang MLC Hon Tony Catanzariti MLC	cc:	Hon Don Harwin MLC Hon Peter Primrose MLC Hon Duncan Gay MLC
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From Tanya Bosch

Subject Answers to Questions on Notice - Mineral Resources

Date 27 October 2004

Reference

Please find attached a copy of the answers provided to the questions taken on notice by the Hon Kerry Hickey MP, Minister for Mineral Resources at the Budget Estimates hearing on Thursday 16 September 2004.

A handwritten signature in black ink, appearing to read 'T Bosch'.

Tanya Bosch
Director, Budget Estimates



New South Wales

The Hon. Kerry Hickey MP
Minister for Mineral Resources

The Director
General Purpose Standing Committees
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26 OCT 2004

**LEGISLATIVE COUNCIL
COMMITTEES**

27 OCT 2004

RECEIVED

Dear Ms Bosch

**RESPONSE TO QUESTIONS ON NOTICE
TAKEN DURING THE BUDGET ESTIMATES HEARING**

Please find enclosed a disk and printed reply to questions asked while appearing before the General Purpose Standing Committee No.5

Yours sincerely

A handwritten signature in black ink, appearing to read 'K. Hickey'.

**KERRY HICKEY MP
MINISTER FOR MINERAL RESOURCES**

**BUDGET ESTIMATES HEARING
GENERAL PURPOSE STANDING COMMITTEE NO. 5
16 SEPTEMBER 2004**

**MINERAL RESOURCES
QUESTIONS TAKEN ON NOTICE**

The Hon Don Harwin to the Minister –

Question:

Where in budget documents does it show that the cost of Mineral Resources voluntary redundancies is being met by Treasury?

Answer:

The NSW Department of Primary Industries has received supplementary funding from NSW Treasury to meet the costs of voluntary redundancy in 2004/2005.

Mr Ian Cohen to the Deputy Director General, Mineral Resources –

Question:

Can you give examples of mineral exploration under your purview where you have actually undertaken an EIS?

Answer:

I am informed that a Species Impact Statement is currently being prepared for Exploration Licence Application 1825. Activities under an exploration licence are subject to environmental impact assessment under Part 4 of the Environmental Planning and Assessment Act 1979. The intensity and scale of these activities are rarely significant as defined by this Act.

Mr Ian Cohen to the Minister –

Question:

Was there DEC input into the decision not to require an EIS on the gas exploration conducted by Eastern Star Gas in the Pilliga and did DEC agree with the Mineral Resources decision?

Answer:

I am informed that the damage on PEL238 in the Pilliga resulted from poor environmental management by the operator. It was not an expected component of the exploration activities which were proposed by the company and assessed by Mineral Resources. There was no DEC input to the review and assessment of the REF for drilling activities on PEL238 in the Pilliga. Joint DEC-Mineral Resources inspections were undertaken during operations and Mineral Resources took note of the comments of DEC when reviewing subsequent REFs, for example, Mineral Resources subsequently required similar operations to prepare and submit Water Management Plans. There were no internal Mineral Resources reports after the event which stated that the damage was or was not significant, however DEC did independently review the impacts.

Mr Ian Cohen to the Minister –

Question:

I am asking you to give an undertaking to the Committee that there will not be any subsidence impacting on the flow of the Nepean River with any future mining operation, given what you have set in train with your subsidence management plans, the promises made pre-2003 election and the good works that you are convinced that your bureaucracy is undertaking at this time. I am just asking for that commitment.

Answer:

The Subsidence Management Plan approach requires each mining operation to define and determine the significance of all surface features that have the potential to be affected by mining induced subsidence. Following from this, a range of mine plans are developed which reflect the sometimes conflicting need to maximise resource recovery with minimal to no surface impacts. I am advised that BHP Billiton in working through this process is considering a number of mining options which are unlikely to have any impact on the Nepean River. The Inter-Departmental Subsidence Management Plan Review Committee reviews all Subsidence Management Plans with respect to their potential impacts.

Mr Ian Cohen to the Minister –

Question:

Would you, if the approval for longwall mining under the Nepean River does go ahead, assist aggrieved affected landholders and water users to undertake a common law action against BHP Billiton who are destroying their lawful use and enjoyment of the river if that so happens?

Answer:

The Subsidence Management Plan process does give all landowners as well as the local community direct input into the numerous factors under consideration. In this regard it has the potential to address and deal with issues before they become grievances. In addition, all landowners that are affected by mine subsidence have the right to claim compensation. The existing statutory framework, which involves the Mine Subsidence Compensation Act and special provisions of the Mining Act 1992, provides an effective mechanism for landowners to obtain redress for adverse mining related impacts.

Mr Ian Cohen to the Minister –

Question:

Did the Department of Mineral Resources, Minister, fine BP'S Elouera Colliery for destroying significant reaches of the bed of Native Dog Creek and Wongawilli Creek preventing water flow within the metropolitan water catchment area?

Answer:

The Department of Primary Industries has not fined BHP Billiton for subsidence impacts upon Native Dog and Wongawilli Creeks.

Mr Ian Cohen to the Minister -

Question:

What steps will you take Minister to ensure BHP Billiton pays fair damages in compensation for its destruction of the Georges River bed and loss of water flows?

Answer:

The approval to undertake long wall mining beneath the Georges River is conditional upon BHP Billiton undertaking appropriate remediation works at their cost. These works have been initiated, are ongoing and under review by the Southern Coalfields Rivers Remediation Committee. I am reliably informed that to date the mitigation and remediation works undertaken for the Georges River have cost in excess of \$1.5 million.

Mr Ian Cohen to the Minister -

Question:

Can you specify how many streams in the metropolitan special area catchment and adjoining areas are to be destroyed before the Department of Mineral Resources will take action against BHP Billiton to protect the public interest in maintaining essential drinking water supplies?

Answer:

The new Subsidence Management Plan process provides an effective mechanism to highlight special sensitive surface features and develop mining systems to control, minimise and manage subsidence impacts and where necessary protect these features. The Sydney Catchment Authority will have input into these plans, providing advice, expertise and where necessary recommending approval conditions.

Mr Ian Cohen to the Minister

Question:

Would you require BHP Billiton to provide, at no cost to the Government, a new water supply of equivalent water for Sydney and the Illawarra in compensation for the damage being caused to the metropolitan special area catchment by longwall coal mining?

Answer:

BHP Billiton is required to comply with the conditions of its mining lease and prepare a Subsidence Management Plan, should they wish to use the longwall mining method. This is the most appropriate mechanism to ensure that the water harvesting and supply features of the catchment lands are maintained while optimising the extraction of the valuable coal resources.

The Hon. Don Harwin to the Minister-

Question:

Did the Minister advise the Treasurer to move towards an ad valorem coal royalty regime rather than a fixed amount.

Answer:

The Treasurer and I consulted on the matter of a new ad valorem coal royalty regime in the light of cuts made by the Commonwealth Grants Commission to NSW funding. In the May Mini Budget the Treasurer announced the introduction of an ad valorem coal royalty regime in NSW from 1 July 2004. This system better reflects the different production methods, variables and changing market conditions facing NSW coal producers.

The Hon. Don Harwin to the Deputy Director General Mineral Resources

Question:

You basically told us that three, and only three, of the operational units within your old department are moving to Maitland. Can you tell me in terms of those three operational units are there 200 people working in those three operational units right now?

Answer:

There are five operational units moving to Maitland, namely Environment, Geological Survey, Minerals Development, Mine Safety and parts of the Coal Compensation Board. As at 16 September there were 208 positions in these areas.

Ms Sylvia Hale to the Minister –

Question:

Turning briefly to longwall mining in the Nepean. Minister, will you ensure that local residents and members of community groups such as the Nepean Action Group are represented on both the southern coalfields remediation committee and the subsidence management committee?

Answer:

I am advised that the Southern Coalfields Rivers Remediation Committee is primarily a technical committee which deals with and focuses upon rectifying mining related impacts that have already occurred to rivers and streams, particularly the Georges, Cataract and Bargo Rivers. This committee is not involved with the Nepean River.

The Inter-Departmental Subsidence Management Plan Review Committee is involved in considering Subsidence Management Plans after they have had public input and been placed on public display for consideration and comment. There is ample opportunity in this process for community groups such as the Nepean Action Group to comment upon any mining proposal beneath or within the vicinity of the Nepean River. Both committees deal with technical, regulatory and procedural matters and community involvement on them is not considered necessary or appropriate.

Ms Sylvia Hale to the Minister –

Question: What studies have been done on respiratory diseases at Lightning Ridge?

Answer:

There have been no health surveillance campaigns conducted at Lightning Ridge specifically targeting silica dust exposure.

Respirable dust sampling and analysis has been conducted in Lightning Ridge by Departmental field officers when in the opinion of the officer, opal miners are at risk of exposure to a hazardous substance.

The Lightning Ridge Safety Awareness Course provides information on gasses, dust and noise, including diesel particulates.

Ms Sylvia Hale to the Minister –

Question:

Is there an increase in the incidence of silicosis?

Answer:

I am advised that the Far West Area Health Service at Broken Hill has reviewed records over the past 5 years and found no instance of silicosis being reported at Lightning Ridge. This survey is supported by local records, which I am advised indicate no known incidents of silicosis.

Ms Sylvia Hale to the Minister –

Question:

What education of opal miners has been undertaken to lessen the incidence of silicosis?

Answer:

The Mine Safety Operations Unit of the Department of Primary Industries – Mineral Resources division conducts safety awareness courses and mine operator workshops during the year. The safety awareness course is mandatory for individuals who lodge an application for an opal claim. The mine operators' course focuses on risk assessment and risk control.

To date 4070 persons have attended the Lightning Ridge Safety Awareness Course.

The Lightning Ridge Opal Miners Safety Guidelines makes reference to silica, hazard management and ventilation of workings.

Ms Sylvia Hale MLC to the Minister –

Question:

Why is there no tendering for exploration mining permits for opal mining at Lightning Ridge?

Answer:

Exploration is very much a speculative activity at Lightning Ridge and the majority of prospecting titles do not lead to any significant opal finds. The prospecting titles are short term to encourage rapid turnover of title. In the circumstances of low discovery rates and rapid turnover of title, I am advised it would be very difficult to administer any tendering system for exploration or mining permits at Lightning Ridge.

Ms Sylvia Hale MLC to the Minister –

Question:

Are miners at lightning Ridge obliged to finish mining in the area before they move on to a property that has not been mined previously.

Answer:

No. It is at the miner's discretion when to cease to mine a particular area, however the miners will only move off an area if it is not an economic proposition. The claim would then be rehabilitated.

Mr Ian Cohen to the Minister –

Question:

Would you confirm the amount of water allocation that Macquarie Generation has purchased out of the market in recent years? Is it a fact that Muswellbrook Shire Council has sold part of its water asset to Macquarie Generation and could you perhaps inform the Committee for what purpose and at what price?

Answer:

This matter is outside my portfolio responsibilities and should be directed to my colleague the Hon. Frank Sartor, the Minister for Energy and Utilities.

The Hon Don Harwin to the Minister –

Question:

I would now like to ask you if you will provide to the Committee a summary – I am not interested in personal details – of the outcome of those surveys? (of staff intentions regarding moving to Maitland).

Answer:

Accompanying these answers is a copy of the Mineral Resources staff survey regarding the relocation to Maitland. Page 4 of this document has been removed for Privacy Act reasons as it contains the names of staff participating in the survey.

The Hon Duncan Gay to the Minister –

Question:

Minister, are you telling me that there will not be the same number of people at Broken Hill, there will be less people working at Broken Hill a result of the (DPI) restructure?

Answer:

There are no planned staff reductions in the Broken Hill office. One staff member will be taking a voluntary redundancy.

Mr Ian Cohen to the Minister –

Question:

Has a report been completed on the gas drilling in the Pilliga State Forest where the holding dam for contaminated water burst and the highly saline water killed surrounding vegetation and contaminated soil? Is that report available to the public?

Answer:

No formal report was generated and therefore no report is available to the public. I am advised that the company was required to rehabilitate the site as well as improve their environmental planning and water management and that this is progressing satisfactorily.

Mr Ian Cohen to the Minister –

Question:

Grant Thorn, representing Coal & Allied in Muswellbrook on Wednesday 15 September 2004, stated, as I understand it, that the Mt Pleasant project would be put on hold indefinitely. Is that the case?

Answer

The Mt Pleasant project currently has development consent, but not yet a mining lease. The company has not advised the Department of Primary Industries of any plans to put the project on hold indefinitely.

Mr Ian Cohen to the Minister –

Question:

Perhaps you could get back to the Committee on what assurance you give land owners to ensure that Coal & Allied honours the consent conditions in relation to land acquisition in an expedient and timely manner?

Answer:

The consent conditions require Coal & Allied to purchase land within the designated buffer zone at the request of the land owner. I understand that Coal & Allied has already purchased a number of properties and will continue to acquire land in the buffer zone.