

BUDGET ESTIMATES 2008

QUESTION ON NOTICE – S&R

**MINISTER FOR PRIMARY INDUSTRIES
MINISTER FOR ENERGY
MINISTER FOR MINERAL RESOURCES
MINISTER FOR STATE DEVELOPMENT**

Questions from Mr Colless

QUESTION 1

Specifically in relation to Exploration Licences:

- a. When will the Exploration Licence held by Muswellbrook Coal Company on the Castlerock exploration site expire?
- b. How long has Muswellbrook Coal Company or any predecessor held the exploration licences for the Castlerock site?
- c. Don't you think Minister, that a decade of distressed people in the Castlerock exploration licence area is excessive? When will you insist that Muswellbrook Coal Company make a decision to mine or move on?
- d. If you intend to again grant an extension to the Exploration Licence in the Castlerock area, why and for how long will that Licence be valid?
- e. Has Muswellbrook Coal Company given any indication to you or your department whether they will proceed to seek a Mining Lease?
- f. If so over what areas and what has the Minister or your department's response to the request?
- g. If the company has not indicated any intention to apply for a Mining Lease and after 10 years or more of basic inactivity under the Exploration Licence, will you move to relieve the suffering of the people in the Castlerock Exploration Licence area who have had 10 years of uncertainty and have not been able to dispose of their properties because of the potential of mining operations in the area, by not renewing the Exploration Licence? If not, why not?
- h. In general terms does the Minister think it fair and reasonable that residents in Exploration Licence areas, whether it be Castlerock or elsewhere, should be subject to a decade or more of angst and uncertainty in relation to their lives and future.

ANSWER

a. January 2009.

b-h). The Castlerock area contains valuable coal resources, which if mined would provide substantial return to the people of NSW and well as providing ongoing regional employment opportunities and support to the local economy.

The Government grants titles which allow exploration in order to establish whether commercial mineral deposits actually exist. Where commercial deposits are discovered they can then be developed as mines. This can take a number of years and is an expensive process. The time frame in which the exploration has taken place at Castlerock is not dissimilar to other mining projects.

The Muswellbrook Coal Company has systematically explored these resources and has now reached a stage where it is developing a conceptual mine plan.

At this point, the company has not applied for a renewal. Any renewal application would be assessed on its merits, taking into account the concerns of any affected landholders. Exploration licences may only be granted for a maximum period of five years.

The Muswellbrook Coal Company has indicated that it is interested in moving to a mining lease subject to successful outcomes of the current feasibility studies, and the area of any proposed mining lease is yet to be defined. In order to obtain a mining lease, the company would first require development consent under Part 3A of the *Environmental Planning and Assessment Act*. A mining lease would only be granted over the area of the development consent.

Both the *Mining Act* and *Environmental Planning and Assessment Act* provide mechanisms to protect landholder rights. A decision on the future mining tenure for the project will have to be made by early in 2009, when the exploration licences are due for renewal.

QUESTION 2

In Budget Paper 3 Volume 2 at 19.7 you say there was strategic direction to *“further improve the environmental performance of the NSW mining industry”*, What have you or your department done in that regard?

ANSWER

The Mining Amendment Act was passed in May 2008. These amendments will strengthen environmental management and enforcement provisions.

New guidelines for rehabilitation planning, environmental reporting, compliance and enforcement are being developed, and a review of the mine closure process has been completed. New Rehabilitation and Environmental Management Plan guidelines are being developed.

Rehabilitation security bonds have increased to over \$1 billion.

QUESTION 3

You have attempted to outline the Government environmental performance in the mining sector.

- a. It is noted that there was the rehabilitation of 30 derelict mine sites last year and 30 to be rehabilitated this year. Obviously this amounts to 60 mines rehabilitated or to be rehabilitated over this year and last year - when one takes into account the 'actual' mine sites rehabilitated for 2005/06 and 2006/07 there is a further 63 sites that have been rehabilitated. Would you or your department please advise of each of the 93 mine sites rehabilitated since 2005/06 and the 30 to be rehabilitated in this financial year? (Budget Paper 3 Vol 2 @ 19.36)
- b. It is noted at Budget Paper 3 Volume 2 at 19.37 that \$1.863 million has been allocated for remedial work of mined areas. Are remedial work and rehabilitation work synonymous? If not, what is the difference and what will be spent and what has been spent on the rehabilitation of mines as against remediation of mines.
- c. In any event, whether they are synonymous or not were there any non government funds used or obtained for any remedial and rehabilitation work? If so how much non government money will be used for such work in the 2008/09 year?

ANSWER

- a. The 93 sites where rehabilitation works have occurred in the 2005/06, 2006/07 and 2007/08 years are:

2005/06

Lightning Ridge - various claim safety works
Wanna Wanna and Tallaganda Nature reserve
Oakdale site inspections
Hillgrove mine shaft safety works
Cardiff South Shaft cap
Conrad mine site, gate
CSA mine revegetation
Webb's Consul Rehabilitation
Burruga safety works
Captains Flat Silos
Trunkey Ck Safety works
Hillgrove Laceys shaft filling works
Woodsreef signs
Hill End Major Safety works, Cricket ground
Ophir Grates
Trunkey Cy town common works
Shamballa mine site, safety works
Collisons silver mine rehabilitation works

Ottery maintenance works
Gulf Creek maintenance works
Ponsonby rehabilitation works
Silver Peaks REF
Colon Peaks REF
Napoleon Reefs bat survey
Lucknow safety works
Mole River soil and water samples
Torrington Site inspection and works
Bex Hill works
Bland Shire Council works
Mineral Hill fencing and rehab works
Wattle Flat signs
Ardlethan surveys and tender planning
Mt Kembla shaft repairs
Hermidale bat surveys

2006/07

Copeland Tops grates
Black Bob's Ck building removal
Batlow Development League safety works
Breeza Rehabilitation works
Woodsreef fence repairs
Ottery Maintenance works
Upper Bingarra rehabilitation works
Charbon mine site access track works
Junee Reefs subsided shaft
Walmsley rehabilitation project
Goollooinboin rehabilitation project
Araluen coal dump rehabilitation project
Silver peaks Arsenic removal project
Oakdale removal of asbestos and inert waste
Grenfell shafts (O'Briens Hill) rehabilitation works
Lawsons Clay mine rehabilitation works
Woodsreef fence repairs
Grenfell sands maintenance works
Oakdale building demolition
Cowarra dam study and surveillance report
Mulloon preliminary contamination survey
Nundle soil sampling
West Wyalong site investigation and survey
Emmaville shaft rehabilitation works
Yellow Streak site works
Shalamar Condobolin works
Ardlethan major site works
Commonwealth mine topsoil works
Lightning Ridge works

2007/08

Oakdale disposal of Inert material
Ardlethan Stage 2 major works
Cowowindra shafts (Towells property)
Shamballa Maintenance
Napoleon Reefs rehabilitation work
Upper Bingarra Stage 3
Bingarra Spring Creek works
Oakdale tree removal
Captains Flat Ore bin maintenance
Magwood mine grate
Fairview Colliery open shafts
Captains Flat below old mines rd drainage
Grassy Gully Gold field works
Mole River rehabilitation works
Oakdale stage 3 and final
Sunny Corner and Daylight Ck works
Ardlethan maintenance
Hill End shaft fill, Germantown
Yerranderie sampling and maintenance
Mulloon REF
Red Rock mine assessment
Waratah bridge St sampling
Silver Valley RAP and REF.
Ottery site evaluation and study
Hartley Vale bat survey and report
Baker's Ck dump study
Gibbergunyah Reserve shaft fill
Charlestown Golf Course Shaft fill
Halls Peak Maintenance
Lightning Ridge safety works on various sites

b. Yes.

c. In 2007/08, \$150,000 was received from the Border Rivers – Gwydir Catchment Management Authority. A portion of these funds was received in the 2008/09 year. No other non-government funds have been received in 2008/09.

QUESTION 4

Specifically, what do you intend to do about the remediation of the abandoned

- a. asbestos mine site at Barraba that potentially exposes people to a great danger.
- b. If you don't intend to do anything how does that fit with your strategic direction to *"improve the environmental performance of the NSW mining industry"*

ANSWER

- a. The Government commissioned a study to identify risks at the site. The high risk issues have been addressed, including fencing to exclude access and drainage works.

To provide a whole of government approach to issues at Woodsreef, the Premier has announced a Woodsreef Mine Taskforce.

Representatives from NSW Health, Department of Environment and Climate Change and the Department of Primary Industries are meeting to consider the issues and ongoing management of Woodsreef.

Repairs to breaches to the boundary fence were completed in late August by the Derelict Mines Program.

The NSW Government has spent in excess of \$1.1m on rehabilitation and safety works at the site since 1997.

The Government is currently exploring funding options for further rehabilitation works at the site.

- b. See answer to Question 4a.

QUESTION 5

Please outline what is being carried out, as described in Budget Paper 3 Volume 2 at 19.6: as *“Progress a demonstration project expected to run to 2013 to facilitate clean coal development.”*

ANSWER

On 27 September 2007, I announced that a \$5 million pilot carbon capture plant was to be developed through a joint initiative by Delta Electricity and the CSIRO.

QUESTION 6

As part of your “*provision of world class geoscience information*”, as mentioned in Budget Paper 3 Volume 2 at 19.6, has your department either directly or through contractors been entering private property by land and or air and carrying out geo-scientific activities without the permission of the landholder? Why have you allowed this to occur?

ANSWER

Under Section 250 of the *Mining Act 1992* the Minister may:

- (1) Grant a permit to any registered surveyor, or any officer of the Department, to enter any land for any of the following purposes:
 - (a) the carrying out of any geological, geophysical, geochemical or other survey of the land,
 - (b) the removal of soil, rock, mineral or ore samples from the land.
- (2) The holder of a permit under this section, and any employee, agent or assistant of the holder, may, in accordance with the permit:
 - (a) enter the land to which the permit relates.

Prior to the start of a survey there is a massive mail-out of individual letters to landholders and advertisements are posted in regional newspapers. In the past, such surveys conducted by the Department of Primary Industries (DPI) have, I am advised, occurred without any complaint or concern by landholders.

QUESTION 7

At Budget Paper 3 Volume 2 at 19.7 you state that your strategic direction is to “*increase the competitiveness of the NSW mining industry*”. How do you propose to do that?

ANSWER

The NSW Government provides enormous incentives for mineral explorers to invest in NSW through its previous seven year \$30 million “Exploration NSW” and the current five year \$24.5 million “New Frontiers” exploration initiatives. The success of these programs is demonstrated by the record private-sector mineral exploration expenditures in NSW – which reached \$190 million in 2006-07.

QUESTION 8

The Minister for Ports has knocked back a series of recommendations for improved coal handling at Newcastle Harbour. As part of increasing the competitiveness of the NSW Mining Industry and the fact you are granting new Exploration Licences in the Hunter Valley and Gunnedah areas, will you push the Ports Minister to put in a workable solution for the handling of coal at Newcastle Harbour so that increased tonnage can move through the Harbour in an orderly manner.

ANSWER

I am confident that the ongoing discussions between the Minister for Ports and the relevant parties will lead to an appropriate strategy necessary to facilitate and sustain increased export capacity at Newcastle Port.

QUESTION 9

If the Minister for Ports continues his stubborn attitude to the Greiner Report commissioned by the Minister for Ports on coal loading issues at Newcastle, what will you do to solve the issue in view of the fact that the Newcastle quote system – the capacity balance system – runs out on December 31.

ANSWER

See answer to Question 8.

QUESTION 10

In Budget Paper 3, Vol 2 at 19.10 it states that 97 mines operate to agreed operations plans and subsidence plans. How many mines don't operate to agreed operations plans and subsidence plans and what do you intend to do about such mines?

ANSWER

The target is that 97% of mines operate to agreed operations plans. Action can be taken against mines that are not compliant.

QUESTION 11

Please outline the strategic direction to: *“oversee natural and international mine safety equipment schemes and standards”*.

ANSWER

The Department of Primary Industries (DPI) Mineral Resources Mine Safety Operations Branch has the responsibility to enforce the *NSW Occupational Health and Safety Act 2000* and Regulation 2002, the *Coal Mines Health and Safety Act 2002* and Regulation 2006 and the *Mine Health and Safety Act 2004* and Regulation 2007.

QUESTION 12

Please outline the “*New Frontiers*” initiative (Budget Paper 3 Volume 2 at 19.4). (NB for increased mineral and petroleum exploration). It is noted at 19.37 that \$5.5 million has been allocated for this initiative. How will this money be spent?

ANSWER

The New Frontiers Initiative funding of \$5.5m will be allocated to Minerals projects, Energy projects and Geoscience Information projects.

QUESTION 13

In Budget Paper 3, Volume 2 at 19.8 it refers to a 2008/09 budget figure for the Mineral Resources Group of \$52.9 million. At Budget Paper 3 Volume 2 at 19.36 there is a reference to what that group does. At 19.37 there is simply one line for this group of: Total Expenditure excluding losses - \$52.931 million.

- a. What is the break down of that figure as far as the operation of the group is concerned?
- b. Specifically, the statement states "excluding losses", what losses are we talking about and how much do they amount to?
- c. There is a figure of \$24.167 million at 10.37 for 'net cost of services'. Please explain how this figure is arrived at?

ANSWER

- a). Please refer to the service measures table Budget Paper 3, Volume 2 at 19.36.
- b). Losses generally relate to gains or losses on the sale of assets, any negative valuation changes for non-financial assets and gains or losses associated with debt management activities.
- c). The "net cost of services" means the total cost of services less any revenue retained by agencies involved in the provision of the services.

QUESTION 14

In Budget Paper 3 Volume 2 at 19.37 there is a Capital Expenditure amount of \$1.586 million. How will those funds be expended?

ANSWER

Infrastructure upgrades.

QUESTION 15

In Budget Paper 3 Volume 2 at 19.6 there is a reference to 'targeted health and safety education programs which address priority areas identified by the NSW Mines Safety Advisory Council.

- a. What are the 'targeted safety and education programs' and who are they 'targeted' to?
- b. What are the priority areas identified by the NSW Mines Safety Advisory Council?
- c. How are those programs funded?

ANSWER

- a) The targeted education OHS improvement strategies include the following elements
 - Development of guidance and good practice case studies
 - Promotion to industry through education programmes and assistance on site by DPI with the active support of employer and employee stakeholder groups
 - Develop audit tools
 - Follow up by DPI at site level to monitor improvements
 - Performance monitoring of industry
- b) The target groups are mine sites in NSW from all sectors, including coal and metaliferous.
- c) The strategies are funded through the Mine Safety Levy that is collected from mining companies through the *Mine Safety Cost Recovery Act 2005*.