

State Budget 2008–09

Mines and Energy

Agency Budget Highlights



Department of Mines and Energy



Message from the Minister

Queensland's mining and energy industries will continue to power the State, delivering economic, social and lifestyle advantages to all Queenslanders no matter where they live.

We are reaping the benefits of a mineral resources boom but we will not let production override the need to maintain the highest safety standards possible.

Queensland has one of the best mine safety records in the world and the best mine safety legislation in Australia. This Budget builds on that strength, ensuring we have high safety and health standards.

We are stepping up to the environmental challenges facing Queensland by developing strategies and policies to address climate change.

Queensland has vast coal reserves. We need to strike the right balance between the need to produce and use coal and the need to protect the environment and the jobs of the men and women who work in our coal industry.

My department will play a lead role in the research, development and demonstration of clean coal and other emerging low emissions technologies to bring about a low carbon energy future for our stationary energy sector.

This Budget also provides for greater access to geoscientific data to enhance exploration and stimulate investment.

Key Budget highlights 2008–09

- A total Budget allocation of \$144.4 million for the Department of Mines and Energy.
- \$10 million in additional funds to assist residents of Collingwood Park near Ipswich whose houses have been damaged by mine subsidence.
- \$1.8 million in additional funds for the Mines Inspectorate to employ more specialist staff to enhance safety and health services to the industry and implement recommendations from the review of the annual 'Queensland Mines and Quarries Safety Performance and Health Report'.
- \$0.55 million in additional funds for the Petroleum and Gas Inspectorate to employ more specialist staff to effectively service a rapidly growing and complex industry.
- \$12 million in 2008–09 to assist Queensland businesses to implement energy-efficient technologies in buildings, appliances and industrial processes.
- \$2.3 million in 2008–09 to assist households and small businesses located in isolated and remote areas of the State to undertake energy conservation measures.
- \$2.6 million in additional capital funds to upgrade computer hardware and software used in the department's critical customer service systems to support interactive and online information for the mining and exploration industry.
- \$2.4 million to construct a new drill core facility at Mount Isa.

Geoff Wilson

Minister for Mines and Energy

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Investment

The minerals and energy industries continue to exhibit strong growth patterns and remain the driving force behind Queensland's dynamic economy. The department will continue the drive to support the sustainable growth of these industries and to maintain stewardship of the State's resources.

The department will further advance mineral and petroleum exploration through its Smart Exploration and Smart Mining – Future Prosperity programs which have given mineral and energy explorers better opportunities for targeting prospects that could lead to potential new mines and gas fields.

In 2008–09 funds will be provided for initiatives including:

Smart Exploration Program

\$3.7 million for the Smart Exploration program (\$20 million over four years commencing in 2005–06) to continue with geophysical data acquisition, geological mapping, and data conversion and transcription projects. This program is designed to stimulate exploration investment in Queensland.

Smart Mining – Future Prosperity Program

\$11.2 million for the Smart Mining – Future Prosperity Program (\$27.5 million over four years commencing in 2006–07) to stimulate exploration investment in Queensland by implementing the three components of the Queensland Exploration Development initiative: Collaborative Drilling, Cluster Formation and Industry Network initiatives.

Information Systems Upgrades

\$2.6 million in additional capital funding to upgrade computer hardware and software used in the department's critical customer service systems for interactive and online information. These systems are the Mineral and Energy Resources Location and Information Network (MERLIN), the Queensland Digital Exploration Reports system (QDEX) and the Interactive Resource and Tenure Maps system (IRTM).

Drill Core Facility

\$2.4 million of additional capital funding to construct a new drill core facility at Mount Isa for the safe and secure storage of drill core samples. The new facility will accommodate the increasing supply of drill core samples from surrounding areas and will support the promotion of mining and exploration in the North West Queensland Mineral Province.

Change in Royalties Calculation

Queensland has changed the calculations for royalty payments for mineral and petroleum resources to ensure the people of Queensland receive a fairer share of the value of the State's resources. A two-tier coal royalty system has been introduced. The rate of royalty on bauxite consumed within Queensland has also been increased, as has the rate of royalty payable for many industrial type minerals such as clay and limestone.

The increased royalties paid will mean the people of Queensland, as owner of these resources, will benefit through improved government services and infrastructure including several infrastructure initiatives in the coal mining regions.



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Other initiatives

In 2008-09 funds will be provided for other initiatives including:

Collingwood Park Assistance Package

\$10 million in additional funds to assist residents of Collingwood Park near Ipswich whose houses have been damaged by mine subsidence. The assistance package will cover the cost of any works necessary to stabilise a property or make it safe; repairs of damage caused by mine subsidence where it is cost effective; and the purchase of properties that are beyond economic repair, or have to be demolished.



Queensland
Government

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Minister's Office contact details
Phone: 07 3225 1861 Fax: 07 3225 1828
www.dme.qld.gov.au

The Department of Mines and Energy is committed to safe, healthy, reliable, sustainable and competitive minerals and energy industries.

Safety and Health

While Queensland enjoys the economic benefits of the resources boom, the department constantly reinforces the importance of safety and health in our mines.

The department will continue to protect the safety and health of Queenslanders involved in mining, quarrying, explosives, and petroleum and gas industries through active inspection programs, dissemination of health-related standards and information, and the training and research provided by the Safety in mines testing and research station (Simtars). This will assist Queensland in maintaining one of the best mining, petroleum and gas safety records in the world.

In 2008-09 funds will be provided for initiatives including:

Mines Safety and Health Services

\$1.8 million in additional funds for several initiatives to enhance the delivery of safety and health services to the mining industry. This will include implementation of the recommendations of the independent review of the annual 'Queensland Mines and Quarries Safety Performance and Health Report'; employment of additional mines inspectors and an investigator; and additional specialist staff at the Simtars research and testing facility.



Petroleum and Gas Services

\$0.55 million in additional funds (\$0.73 million recurrent) to enhance service delivery from the Petroleum and Gas Inspectorate. More specialist staff will be employed to increase the frequency of industry monitoring and inspections and audits of a rapidly growing and complex industry.

Safety and Health Levy

The department will collect a levy from all coal and metalliferous mines and quarries in Queensland to recover the cost of safety and health services it provides to that industry. Mining is a potentially high risk workplace and the department provides a range of safety and health services to assist the Queensland mining industry to meet its target of 'Zero Harm'.

Government Explosive Reserve Fees

The department will collect additional revenue for the provision of safe and secure storage of explosives and fireworks at the four Government explosives reserves. The service fee has been adjusted to reflect the actual cost of storage and supervision of these facilities.

Energy

The department seeks to continually improve services to energy consumers; encourage the growth and development of the electricity and gas sectors, and renewable energy technologies; and improve the efficiency of energy use.

To meet Queensland's current and future energy needs, the department works with private and Government-owned corporations that own and operate electricity generation plants and electricity and gas transmission and distribution networks across the State.

In 2008-09 funds will be provided for initiatives including:

Energy Efficiency

\$12 million for the Smart Energy Savings Fund (\$50 million over five years commencing in 2007-08) for grants and secured concessional loans to Queensland businesses to implement energy-efficient technologies in buildings, appliances and industrial processes.

Renewable Energy

\$20 million for the Queensland Renewable Energy Fund (\$50 million over five years commencing in 2007-08) for grants and secured concessional loans to support the development of proven, innovative renewable energy generation projects in Queensland.

Energy Conservation

\$2.3 million for the ClimateSmart Homes Rebate Program (\$7.3 million over five years commencing in 2007-08) for financial incentives to households and small businesses located in isolated and remote areas of the State to undertake energy conservation measures.

Ministerial Council on Energy Activities

\$5.5 million for the operations of the Ministerial Council on Energy, the Australian Energy Market Regulator and



associated activities such as the National Framework for Energy Efficiency to ensure Queensland has the relevant complimentary legislation to facilitate further agreed national energy market reform initiatives.

Low Emission Technologies

Climate change and the management of greenhouse gas emissions present several challenges and potential opportunities for the minerals and energy industries. The department will respond to these challenges and opportunities through development of policies and other measures which will have a significant global impact.

The department will play a lead role in the research, development and demonstration of clean coal and other emerging low emissions technologies in the energy sector. The CS Energy Oxyfuel project at Callide and the ZeroGen clean coal project at Stanwell will both make strategic contributions to a low carbon energy future for the State's stationary energy sector.

In 2008-09 funds will be provided for initiatives including:

Carbon Storage

\$3.2 million for the Carbon Geosequestration Initiative (\$10 million over five years commencing in 2007-08). The coal industry and the Australian Government are providing additional support for this initiative to help locate, assess and evaluate sites suitable for the safe long-term underground geological storage of carbon dioxide.

Clean Coal Technology

\$16.1 million for the completion of the \$102.5 million feasibility study for the ZeroGen Project at Stanwell. The study will investigate the feasibility of the integration of coal-based gasification with carbon capture and storage to produce low emission baseload electricity.