

**MINERAL RESOURCES DEVELOPMENT AMENDMENT BILL
2013**

SECOND READING

Mr Speaker

I move that this Bill be read a second time.

This Bill provides for a number of changes to the Mineral Resources Development Act 1995 that encourages the development of the State's mineral resources consistent with sound economic, environmental and land use management.

The primary purpose of the Bill is to bring the Act in line with legislation in other Australian jurisdictions, to improve the administrative efficiency of the Act and to remedy a number of identified drafting deficiencies. The major addition to the Act is the provision of a new category of licence to allow for the production of geothermal or petroleum resources should they be discovered in Tasmania.

Mr Speaker, the provision within the Act for Production Licences will provide security of title to the holder of that licence to any commercially feasible geothermal or petroleum resources that may be discovered. The nature of these types of resources means that they may exist over large areas and at great depths, whilst the production facilities required to produce the resource are relatively limited in their footprint. The new Production Licence category will

provide the holder of a licence with security over a discovered resource but will not preclude the coexistence of other titles for the exploration or extraction of other mineral categories, where those activities can occur without detriment to the production facilities or resource. The alternative to a Production Licence would be to grant a Mining Lease to cover the resource, however this would preclude all other activities from within that potentially very large lease area, thereby removing the potential for mineral exploration and discovery.

The provision of a Production Licence within the Act will bring Tasmania in line with other Australian jurisdictions in relation to the production of geothermal or petroleum resources. The amendments will also provide for effective administration of these licences including the determination and payment of royalties for any future resource exploitation, and set out the reporting and record keeping obligations of the licensee.

Mr Speaker in addition to the provision of a Production Licence this Bill also provides for improvements in the provisions as they relate to the administration of the three main types of licence provided for within the Act - Exploration Licences, Special Exploration Licences and Retention Licences. The Act when first drafted intended that the same administrative provisions related where possible to all of these licences. This was not made as clear as originally intended and hence this Bill provides the required amendments that give clarity and consistency regarding dealings with these licence types, as was the original intent of the Act. The proposed improvements aim to provide consistency and clarity in dealings associated with these licence categories as they relate to the

application, granting, transfer and surrender of licences. Similar provisions that apply to these licence categories have also been included in this Bill where they relate to the administration of Production Licences.

Provisions have also been included in the Bill that provide an improved level of clarity of the Minister's role in determining applications for licences, or an extension of term of licence, and also provisions allowing the Minister to determine the shape and size of a granted licence. The provisions will allow the Minister to take into account when determining an application, an applicant's past work performance, the financial and technical capability of the applicant to undertake the proposed exploration, and to set a minimum expenditure and work program commitment on the licence.

Provisions have been included to clarify the ability to grant an application over part of the area comprised in the application. On occasions it may be desirable for the Minister to grant an application over only part of the area of land that was the subject of the application for an exploration licence, a special exploration licence or a retention licence where the alternative would be to refuse the application outright. The Act already provides for land comprised in a licence to be different in size and shape from the land over which the licence was sought in the application for a licence. However, the current wording can be taken to suggest that the existing provision allows only small alterations to the application area.

Mr Speaker a number of minor amendments are included in this Bill that relate to Mining Leases. These amendments provide for greater clarity in regards to the intent of the Act including the approved use of persons acting under a contract of service in undertaking authorised works on a lease, and that the area of a lease is unavailable to any other licence type other than a Production Licence. Whilst these provisions were intended to be clear within the Act, this was not the case and the Bill seeks to correct these uncertainties via the proposed amendments.

New provisions have been included that provide the Director of Mines with the authority to require lessees to provide details of exploration and production activities undertaken on a lease. This amendment will help to ensure that new geological information is provided to the State helping to further geological knowledge and to provide comprehensive datasets for future exploration and development activities.

Mr Speaker amendments have been made in this Bill that provide for the determination and payment of royalties from the production of petroleum and geothermal substances. Should there be any successful discovery of these commodities in Tasmania it is prudent that we have a mechanism in place to determine royalty payments to the State from such discoveries. These amendments will provide such a mechanism.

Mr Speaker in times of economic uncertainty it is desirable in certain circumstances to allow a mineral producer to apply for a deferral of their obligations regarding royalty payments to the Crown. Amendments proposed in this Bill will provide for a process

whereby a mineral producer can apply to the Treasurer for a deferral of royalty payments, with appropriate mechanisms in place for those deferred payments to be made at a later date. This is an important amendment that will provide a safeguard for companies with short term cash flow issues allowing them to continue to provide employment and investment in Tasmania and not put at risk the long term viability of an operation.

Mr Speaker prospecting is a popular activity in Tasmania that is facilitated by licensing provisions in the Act. Currently if a group of persons wish to undertake fossicking activities, such as gold panning, as a part of that group all members are required to hold an individual prospecting licence. To overcome this obvious impracticality, new provisions are presented in this Bill that provide for a Group Prospecting Licence. This licence will allow a registered tour operator to offer relevant fossicking activities as part of an organised tour without the need for all participants to hold an individual prospecting licence. A minor amendment is also proposed that allows a child who is supervised by a licence holder to undertake fossicking activities without the need for a licence.

Mr Speaker new provisions have been proposed in this Bill that will provide the Director of Mines with the authority to approve persons, who have applied for a development lease or licence under the *Crown Lands Act 1976* or the *Forestry Act 1920*, to undertake geological investigations. Should a development for a wind farm be planned for an area within which the mineral prospectivity is relatively unknown, the Director can authorise a person to undertake geological investigations to prevent a development from sterilising access to a potential mineral deposit,

and thereby prevent the State from realising a return from royalty payments from the exploitation of any such resource. Any such approved works would be conducted and monitored in the same way as any normal exploration activities undertaken under a mineral tenement.

A number of minor amendments have also been proposed in this Bill that includes clarification of the reporting obligations of licensees and lessees, drill core delivery and Production Returns. These amendments have been included to ensure that no geological knowledge gained from exploration and production activities is lost to the State.

I commend the Bill to the House.