



Tenure Matters



A column by Sue Slater, Senior Advisor Petroleum, RLMS

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Welcome back. The topic this month is “Are we really open for business”? Despite Federal and State governments spruiking the “open for business” mantra, including at the recent APPEA conference, the failure to have any significant land releases available at that conference would seem to suggest otherwise. A targeted audience was there for the taking, and in the past governments have taken the opportunity offered by the conference to advertise their acreage.

The Commonwealth proposed offshore release¹ which includes areas on the North-west Shelf, was delayed due to the upcoming Federal election. The release date is still to be confirmed. Nominations for the 2017 acreage release are open and will close on 29 July 2016².

Only the Northern Territory had a current bid open, which is a re-release of an area in the Beetaloo Sub-basin of the McArthur Basin (EPNT14-3)³ with a closing date of 4 August 2016. Uncertainties around the Northern Territory hydraulic fracturing policy, with calls for referendums⁴ or moratoriums⁵ on hydraulic fracturing, will most likely impact on the level of interest for an exploration area that will almost certainly require hydraulic fracturing in order to fully evaluate its potential.

Of course, no-one expected anything from Victoria or New South Wales – who are most decidedly not open for business – at least not gas business. South Australia had no land releases in the areas subject to competitive tenures (Cooper Basin and Otway Basin) although outside these areas, vacant areas can be applied for over-the-counter. Western Australia’s acreage release will be available in September 2016.

¹ <http://www.petroleum-acreage.gov.au/sites/prod.petroleum-acreage.gov.au/files/2016%20Acreage%20Release%20Proposed%20areas.pdf>

² <http://www.petroleum-acreage.gov.au/2017-acreage-release-nomination>

³ http://www.nt.gov.au/d/Minerals_Energy/Content/File/Petroleum/A16-048_Petroleum%20Acreage%20Release%202016_Re-release%20Round.pdf

⁴ <https://www.theguardian.com/environment/2016/apr/19/fracking-northern-territory-referendum-labor-delia-lawrie>

⁵ <http://www.abc.net.au/news/2016-04-30/fracking-moratorium-would-limit-jobs-says-katherine-business/7373060>

Queensland has also held its proposed release until later in the year – probably September; but the proposed areas are small. Meanwhile, the 2015 release⁶ has not yet been awarded. Applications for these closed on 8 October 2015. Most of the areas will be subject to a native title process, which often explains the delay in granting exploration areas in Queensland. However, an external user cannot even determine if the process has reached a preferred tenderer decision yet. The delay in proceeding these tenures to grant, whatever the cause, certainly does not send a message that the State is “open for business”.

The introduction of cash bidding components has certainly impacted on internal departmental processes, and it is no longer possible, for example, to see what bids, if any, were made on the areas offered last year; as the process has got progressively less transparent. So last year’s land release areas have not been granted, nor do any of these areas show up as applications on MinesMapsOnline⁷. In the past, it was at least possible to see which companies had applied for each area. This is a useful metric to track as a proxy measure of the health of the exploration sector.

The Geological Survey of Queensland’s (GSQ) core function is investment attraction for the resource sector – and it is difficult, if not impossible, to attract investment when there is little or no acreage available. However, GSQ does not make the acreage release (they provide technical information in support of the land release, but do not make the policy decision); nor are they responsible for the decision making process on the bids, or the eventual grant of the ATP. This means that their core activity is, to a large degree, outside of their immediate control. Nor does the department fully control or even manage the other pre-grant approval processes such as native title or environmental authorities; which may impact on the timely grant of tenure. And even when outside influences do not delay grant, the decision making process can still be ponderous.

The management of geoscience data is a core function that supports investment (which includes exploration) attraction, and although everyone acknowledges that improvements need to be made in how data is received, managed and exported – this is not possible without sufficient funding and resources. The State budget has not made that funding available. Michael Roche, QRC, noted in a statement on 14 June 2016⁸: *“Of concern is that the budget seems to ignore the importance of encouragement for exploration and discovery of new minerals and energy deposits. For the first time in at least four governments, the budget contains no specific program funding for pre-competitive geo-science programs through the Geological Survey of Queensland (GSQ). With exploration in Queensland languishing, this decision to slash funding to GSQ by half is hard to fathom.*

The treasury estimates that it will bank more than \$9 billion in royalties from the resource sector over the next four years, but it has not been prepared to reinvest a small portion of those funds to help grow the resources sector pie.”

Significant investment in IT capabilities is required to continue to manage the data and information that is submitted to the department as part of each holder’s tenure obligations, and maintain a “status quo” adequately. There are insufficient resources:

- to rigorously quality check incoming reports; and

⁶ <https://www.business.qld.gov.au/invest/investing-queenslands-industries/mining/exploration-incentives-opportunities/current-tenders>

⁷ <https://www.business.qld.gov.au/industry/mining/mining-online-services/minesonlinemaps>

⁸ https://www.qrc.org.au/01_cms/details.asp?ID=3916

- data is most often manually extracted from reports to enter into databases (this was my first job in the department back in 1981 and it is still happening!);
- some information never gets captured into a database at all;
- databases contain errors which only come to light when ad hoc queries are made.

To make improvements in how the data is captured and managed requires more investment still; and to improve the range of information and data that is captured and managed (for example production data) even more investment again. This investment is not forthcoming. The value and importance of this information is apparently not appreciated by decision-makers. The impact of this failure to maintain and improve this asset on exploration attraction and investment is very clearly not understood at all by these decision-makers.

So are we really open for business?

In contrast, New Zealand did a great job at the APPEA conference – land available⁹, with quality datasets freely available. In New Zealand, the government must consult with all affected Maori groups before releasing a Block offer, and amend the offer accordingly as a result of that consultation. The current bids close on 7 September 2016 and will be granted in December 2016. That's a much better time frame than generally occurs here in Queensland. Where will you explore next?

I am happy to hear suggestions about topics you would like covered. Feel free to email me at sue.slater@rlms.com.au with the subject heading Tenure Matters.

There will be no July issue of Tenure Matters, as I will be away travelling. The next issue (No. 27) will be available in August.

In the meantime, remember “Tenures make the Project; the Project doesn't make the Tenures”.

RLMS covers the project spectrum from planning through to State and Federal government approvals, including land access, compensation, environmental impact statements and work schedules for clients ranging from entrepreneurs to major corporations, from start-ups to government agencies, and state significant projects such as Queensland's LNG giants. Contact RLMS at:

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⁹ <http://www.nzpam.govt.nz/cms/investors/permits/block-offers/block-offer-2016>