

GasFields Commission Queensland
Annual Report 2015 – 2016

About this Report

This annual report reviews the activities and achievements of the GasFields Commission Queensland for the 2015-16 financial year against the strategic objectives and measures of success listed in the Commission's Strategic Plan 2015-2019 and Portfolio Plan for 2015-16. It has been prepared in accordance with the Commission's regulatory reporting obligations under the *Financial Administration Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

Public availability and further information

This report, the Strategic Plan 2015-19 and other publications by the GasFields Commission Queensland are available from <http://www.gasfieldscommissionqld.org.au/gasfields/about-us/publications.html>. To obtain a printed copy of this report, please contact the Commission on +61 7 4542 7800 or via the address below.

Additional reporting requirements are published online, available at <http://www.gasfieldscommissionqld.org.au/gasfields/about-us/publications.html>.

Interpreter service



The GasFields Commission Queensland is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty understanding the annual report, you can contact the GasFields Commission Queensland on +61 7 4542 7800 or email us at enquiries@gfcq.org.au and we will arrange an interpreter to effectively communicate the report to you.

Have your say

The Commission hopes you find the GasFields Commission Queensland Annual Report 2015-16 useful and informative. This report is part of the Commission's commitment to keeping people informed about its role in managing and improving sustainable coexistence among rural landholders, regional communities and the onshore gas industry.

The Commission welcomes your comments about the design and content of the report. Please send your feedback to the General Manager, GasFields Commission Queensland, PO Box 102, Toowoomba, QLD. 4350 or email us at enquiries@gfcq.org.au.

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13 September 2016

The Honourable Dr Anthony Lynham MP
Minister for State Development and Minister for Natural Resources and Mines
PO Box 15216
CITY EAST QLD 4002

Dear Minister

I am pleased to present the Annual Report 2015 – 2016 and financial statements for the GasFields Commission Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*.

A checklist outlining the annual reporting requirements can be found at page 49 of this annual report.

Yours sincerely



John Cotter
Commissioner and Chairman
GasFields Commission Queensland

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2015-16 Performance Highlights

Engaged in over 90 stakeholder meetings including with rural landowners, regional communities, local governments and onshore gas proponents at regional level.

Hosted a Community Leaders' Council in Roma (Feb 2016) to share information on industry transition and opportunities for the production phase.

100 local businesses visited the Commission's booth at the Surat Basin Expo in Toowoomba (June 2016) to engage directly with procurement managers from major gas operators.

Received and actioned 36 enquiries from 24 landholders. One-quarter of queries related to land access matters. The number of enquiries has been reducing since 2013.

Completed stocktake of three (3) gas export pipeline easements between Surat Basin and Gladstone. Published report on landholder learnings on land rehabilitation and community engagement practices.

Hosted information booth for local government councillors at LGAQ Bush Councils in St George (Aug 2015) and LGAQ Conference in Toowoomba (Oct 2015) to share insights on delivery of infrastructure and services to local community.

Provided advice to State Government on six (6) Regional Planning Interest Development applications.

Published CSG industry snapshot summarising gas infrastructure, landholders, groundwater and economic contribution statistics for the Surat Basin from 2010 to 2015.

About GasFields Commission Queensland

The GasFields Commission Queensland (the Commission) is an independent statutory body established, under the *Gasfields Commission Act 2013* (the Act), to manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry.

Powers and Functions

The Commission's powers and functions, as prescribed in the Act, include:

- reviewing legislation and regulatory frameworks
- obtaining and publishing educational information
- identifying and advising on coexistence issues
- convening parties for the purpose of resolving issues
- making recommendations to government and industry

Vision

Sustainable regional communities and businesses coexisting with the onshore gas industry.

Purpose

To manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry in Queensland.

Values

The Commission's core values are reflected in how we do business by:

- maintaining personal connections
- being transparent and objective
- ensuring independence
- being consultative and communicative
- performing and delivering

Queensland Government's Objectives for the Community

The Commission was established to support the coexistence of two critical contributors to the Queensland economy: the agriculture and resources sectors. Our activities contribute to the achievement of the Queensland Government's objectives of creating jobs and a diverse economy (in particular, stimulating economic growth and innovation); protecting the environment (in particular, ensuring sustainable management of natural resources and enabling responsible development); and building safe, caring and connected communities (in particular, building regions).

The Commission recognises the significant contributions made by the agriculture and onshore gas industries to the food, fibre and energy needs of Queensland. The state and its economy depend on the coexistence of these two industries alongside their supporting local communities.

Portfolios and Strategic Objectives

The strategic objectives of the Commission, as outlined in the *GasFields Commission Queensland Strategic Plan 2015 – 2019*, are linked to individual portfolios.

- **Community and Business**
 - To improve the long term sustainability of regional communities.
- **Science and Research**
 - To ensure communities understand the science that underpins coexistence issues.
- **Local Government and Infrastructure**
 - To assist local governments to better plan and manage potential impacts to services and infrastructure.
- **Water and Salt Management**
 - To ensure the quantity and quality of groundwater is not compromised and promote the beneficial use of produced water and salt as a resource.
- **Land Access**
 - To ensure land access and compensation negotiations reflect professional standards.
- **Gas Industry Development**
 - To promote greater transparency and confidence in the onshore gas industry's activities.

Operating Environment

The Commission Board is responsible for setting the Commission's strategic direction, establishing strategic objectives for management and monitoring the achievement of these objectives. The Commission's deliverables and outcomes for 2015-16 are detailed within the individual portfolio pages contained in this report.

The Commission is supported by the General Manager, appointed directly under section 30 of the Act and other staff, appointed under the *Public Service Act 2008*, to assist it to perform its functions. The Commission staff are appointed under a designated entity declared under the *Public Service Regulation 2008* to be a public service office.

The Commission's Audit & Risk Management Committee (ARMC) is a governance committee established to provide independent assurance and assistance to the Commission Board on its risk, control and compliance framework, and its external accountability requirements. The Commission's ARMC effectively manages all identified risks with appropriate mitigation strategies applied to manage potential vulnerabilities. The Commission's Risk Register is reviewed quarterly.

The Commission's key strategic risks and opportunities during 2015-16, as outlined in the *GasFields Commission Queensland Strategic Plan 2015 – 2019*, include:

Risks

Capacity to address / resolve incompatible stakeholder group expectations

Capacity to maintain pace with industry development programs and related coexistence issues

Commission's appropriate allocation of resources to effectively manage growing onshore gas development and associated land access issues

Maintaining community confidence in the Commission's independence given competing demands of stakeholders

Capacity to promote collaboration around scientific research to facilitate greater understanding of onshore gas impact on the environment

Opportunities

Proactively manage coexistence issues in emerging onshore gas areas

Support the development of strategies for long term infrastructure legacy: roads, communications

Make greater use of government and industry partnerships to source and communicate accurate information to build community confidence

Develop greater integration between onshore gas proponents in relation to coexistence issues

Be an active player in Regional Planning considerations

Ensure local business is provided with ongoing access to information on industry work packages

Chairman's Report

This report provides an overview of the activities and achievements of the GasFields Commission Queensland during its third financial year as the independent statutory body overseeing the onshore gas industry in Queensland.

With the expansion of the onshore gas industry's footprint across regional Queensland, there are an ever increasing number of landholders with and in the process of negotiating Conduct and Compensation Agreements with one or more onshore gas operators.

While this business to business relationship still faces challenges and opportunities, landholders coexisting with the onshore gas industry have the opportunity to access strong financial compensation agreements which can enhance long term property development and assist local businesses and communities.

The focus in the Surat Basin for CSG-LNG industry continues the transition of the major gas projects from the intensive construction phase to the longer term production phase. In the face of this change, accompanied by low global oil prices, many local businesses and communities are struggling to adjust to the new and continuing level of products and services now required by the industry. Stakeholder engagements facilitated by the Commission are assisting in bringing together gas operators and local businesses to better communicate present and future opportunities.

The Commission has focussed on producing factual information about the science of the onshore gas industry, groundwater management issues and other coexistence issues that impact on rural landholders and regional communities. In 2015-16, the Commission has published many independent evidence-based documents to address some of the communication gaps.

The security of our groundwater is, and always will be, of the utmost importance. There must be continued research and monitoring to ensure there is transparency, trust and confidence across the community in the management of our water. I would like to recognise the high quality of work done by Mr Randall Cox, the former General Manager of Office of Groundwater Impact Assessment (OGIA), in this area, and wish him well in his retirement.

The Commission has achieved excellent results in its compliance, financial management and governance procedures, receiving an unqualified audit report from the Queensland Audit Office. With limited resources, it has fulfilled the same statutory obligations as much larger statutory bodies and government departments.

I would like to thank the Commissioners and staff for their commitment and contribution to the work of the Commission in 2015-16.

A handwritten signature in black ink that reads "John Cotter". The signature is written in a cursive, flowing style.

John Cotter
Commissioner and Chairman

Engagement Activities

Strategic Objective

- To effectively communicate and engage with rural landholders, regional communities and the onshore gas industry in Queensland to improve sustainable coexistence.

Measures of Success

- Key community concerns, issues and the potential effects of policy decisions are identified and addressed while promoting opportunities in regional areas.
- Landholders and communities benefit from the experience and learnings of those further developed coexistence areas in other parts of the State.

Achievements

- The Commission continues to bring local businesses and CEOs of onshore gas companies together to share information about opportunities in regional areas, including long-term supply chain opportunities associated with the onshore gas industry. Forums in 2015-16 included:
 - the Community Leaders' Council, hosted by the Commission in Roma (4 February 2016);
 - the Commission's booth at the Surat Basin Expo in Toowoomba (15 to 16 June 2016).
- The Commission attended and actively engaged in over 90 stakeholder meetings at a local and regional level, including:
 - AgForce conferences in Toowoomba (July 2015) and Cloncurry (October 2015),
 - AgForce CSG Negotiation workshop in Wallumbilla (March 2016)
 - regional economic development group meetings in Roma (October 2015) and Charleville (March 2016)
- The Commission participated in relevant interstate forums discussing coexistence and the Commission's achievements in Queensland, including:
 - meeting with the Natural Resources Committee (South Australia) regarding the Inquiry into Unconventional Gas (Fracking) in Roma (August 2015)
 - meeting with the Commonwealth Department of Science and Industry in Canberra regarding the communication of scientific research (August 2015)
 - briefing the Northern Territory Department of Mines and Energy on Queensland's experience, in particular, on how the Northern Territory could facilitate improved relationships between pastoralists, communities and its onshore oil and gas industry (September 2015).
- The Commission has undertaken follow up work to address key topics identified through engagement, including local content, live local policies, and groundwater management.

Community & Business Portfolio

Strategic Objective and priorities

- To improve the long term sustainability of regional communities through:
 - supporting local business by ensuring that industry operators provide ongoing and timely information on industry work packages;
 - working partnerships with regional communities, business groups, government and industry; and
 - ongoing engagement with representatives of State Government, economic development bodies and industry.

Measures of Success

- Regional businesses winning work with onshore gas industry.
- Investment in building sustainable communities by the onshore gas industry, governments and others.
- Employment data.

Achievements

- The Commission continues to work with the onshore gas industry, government and communities to identify opportunities to maximise the investment in regional Queensland by the industry and better equip regional communities with the infrastructure and amenities needed to foster long-term economic growth.
- In 2015-16, the Commission's focus on building local businesses and sustainable regional communities included:
 - facilitated forums for onshore gas operators to provide information to local businesses about supply chain opportunities. At the Community Leaders' Council in Roma on 4 February 2016, CEOs and senior leaders of onshore gas companies updated local business and community representatives on their projects in the Maranoa and wider Surat Basin region.
 - liaised with chambers of commerce, economic development organisations, government, local businesses and onshore gas operators to promote and encourage local content opportunities.
 - hosted a trade booth at the Surat Basin Expo in Toowoomba in June 2016 where over 100 local businesses met face to face with procurement managers from the major gas operators.
 - met with a group of experienced bankers throughout the Surat Basin region to better understand issues associated with CSG development from a financing perspective.
 - attended an update by QGC on the Charlie Project in Wandoan in March 2016, organised by the Toowoomba and Surat Basin Enterprise.

Science & Research Portfolio

Strategic Objective and priorities

- To ensure communities understand the science that underpins coexistence issues by:
 - assisting the direction of future scientific research;
 - ensuring the relevant scientific research and studies are communicated; and
 - working with Queensland's Chief Scientist to ensure research activities are targeted towards identified coexistence issues.

Measures of Success

- Publications by relevant bodies of science and research on coexistence issues.
- Effective networks built with science and research agencies.

Achievements

- In 2015-16, the Commission continued to engage with Queensland and Commonwealth research bodies regarding the communication of research, including:
 - provided feedback to the Federal Office of Water Science on its approach to communicating the key messages from the Bioregional Assessment Programme.
 - participated in research forums and workshops, including:
 - forum on Agriculture and Coal Seam Gas in Roma in August 2015, with presentations from University of Queensland and the Gas Industry Social Environmental Research Alliance (GISERA);
 - research and strategy meeting in Brisbane in November 2015 with the Centre for Coal Seam Gas, University of Queensland;
 - CSIRO Parliamentary briefing in Brisbane in November 2015 on the science of CSG and onshore gas;
 - DNRM groundwater workshop in Chinchilla in February 2016.
 - published technical papers on groundwater systems in gas producing regions and onshore gas well integrity in Queensland.
 - published six (6) science FAQs to communicate research on topics of community interest. Topics included:
 - the difference between conventional and unconventional gas;
 - the regulation of hydraulic fracturing; the effects of CSG development on groundwater;
 - the management of CSG water;
 - the impacts of CSG development on agricultural land;
 - the regulation of fugitive methane emissions from the CSG industry; and
 - the effect of CSG extraction on the availability of groundwater in aquifers.

- conducted a comprehensive review of research activities (to date and ongoing) into gas seeps in the Surat and Southern Bowen Basin.
- assisted in scoping a Queensland Health study into naturally occurring radioactive materials in the CSG industry
- maintained involvement in advisory and stakeholder references groups for research projects (e.g. participation in the Stakeholder Reference Group for the Condamine Interconnectivity Research Project) and research centres or bodies (e.g. member of GISERA Research Advisory Committee, Development Advisory Board for University of Queensland Centre for Coal Seam Gas, member of Office of Groundwater Impact Assessment Expenditure Advisory Committee).

Local Government & Infrastructure Portfolio

Strategic Objective and priorities

- To assist local governments in onshore gas regions to effectively plan and manage services and infrastructure by:
 - assisting local governments in dealing with industry in emerging onshore gas areas;
 - sharing information and supporting local governments in managing infrastructure impacts; and
 - providing engagement opportunities between local governments and industry.

Measures of Success

- Mutually beneficial onshore gas industry infrastructure investments in local government areas.
- Local government feedback.

Achievements

- In 2015-16, the Commission continued to assist local governments in dealing with industry in emerging onshore gas areas, including:
 - briefed councils west of the Dividing Range at the Bush Councils Convention of the Local Government Association of Queensland (LGAQ) in St George in July - August 2015.
 - hosted an information booth at the annual LGAQ conference in Toowoomba in October 2015 to share information and resources with local government to improve community understanding of the onshore gas industry.
 - met with individual councils to help resolve issues or provide relevant information to support their decision-making. The Commission met with the Mayor of Bulloo Shire Council in Thargomindah in August 2015 and briefed Gympie Regional Council in December 2015 on local infrastructure and community considerations for engaging with the onshore gas industry.
- provided a range of engagement opportunities between local government and industry and hosted regular forums, such as the Community Leaders' Council in Roma.
- attended a Regional Major Projects Forum in Charleville, organised by the Department of State Development, in partnership with the South-West Regional Economic Development group including local government representatives.

Water & Salt Management Portfolio

Strategic Objective and priorities

- To ensure the quantity and quality of groundwater are not compromised and promote the beneficial use of produced water and salt as a resource by:
 - ensuring that the regulatory framework addresses issues that have the potential to impact coexistence
 - promoting beneficial use and the efficient and effective use of CSG associated water; protecting the rights of underground water users with ongoing monitoring of make good arrangements; and
 - ensuring appropriate management of salt that ensures long term environmental protection and potential beneficial use.

Measures of Success

- Increased landholder and community confidence.
- Reduction of water related complaints referred to the CSG Compliance Unit.

Achievements

- In 2015-16, the Commission actively monitored developments in the regulatory framework relating to groundwater, including:
 - reviewed draft guidelines relating to make good arrangements under Chapter 3 of the *Water Act 2000*
 - attended public consultation forums hosted by the Office of Groundwater Impact Assessment on the draft 2016 Underground Water Impact Assessment Report for the Surat Cumulative Management Area in Toowoomba, Dalby, Chinchilla, Wandoan and Roma.
 - liaised regularly with the relevant agencies (Department of Environment and Heritage Protection and Department of Natural Resources and Mines) on matters such as:
 - updates on execution of make good agreements
 - bore licensing
 - gassy bores
 - published technical communications papers, including:
 - Groundwater systems of gas producing regions in Queensland, Australia
 - Onshore gas well integrity in Queensland, Australia

Land Access Portfolio

Strategic Objective and priorities

- To ensure land access and compensation negotiations reflect professional standards by:
 - sharing information on best practice in land access conduct and compensation;
 - being an advocate for landholders; and
 - monitoring the rehabilitation of pipeline easements and other impacted landscapes.

Measures of Success

- Professional Conduct and Compensation Agreement negotiations
- Landholder feedback

Achievements

- In 2015-16, the Commission continued to help guide landholders in their land access negotiations, including:
 - actioned 36 enquiries from 24 landholders on a range of topics, including land access, impacts on physical and social environments and bores.
 - published ten key learnings based on landholder's experiences during the construction and rehabilitation of the three major pipeline easements connecting the Surat Basin to Gladstone. The learnings were based on a major stocktake of 64 properties along the pipeline easements.
 - conducted on-property interviews with landholders on their experience in negotiating land access agreements and make good agreements with onshore gas companies, providing the basis for developing case studies to share lessons learned.
 - engaged with regulatory agencies on matters relating to land access, including liaising with the Coal Seam Gas Compliance Unit in the Department of Natural Resources and Mines (DNRM) on individual landholder matters and engaging more broadly with other agencies in DNRM on legislative reform.
 - conducted at the request of the Department of Agriculture and Fisheries an evaluation of the AgForce Projects Landholder CSG Project, an education program for landholders about negotiating land access and make good agreements.
 - provided advice to the Department of Infrastructure, Local Government and Planning regarding public notification of six Regional Interests Development Approval Applications for activities in a strategic cropping area.

Gas Industry Development Portfolio

Strategic Objective and priorities

- To promote greater transparency and confidence in the onshore gas industry's activities by:
 - collating and publishing relevant data from industry;
 - supporting a constructive dialogue between industry and the community; and
 - evaluating legislative and regulatory performance.

Measures of Success

- Extensive data packages made available and regularly updated
- Effective relationships built with onshore gas proponents

Achievements

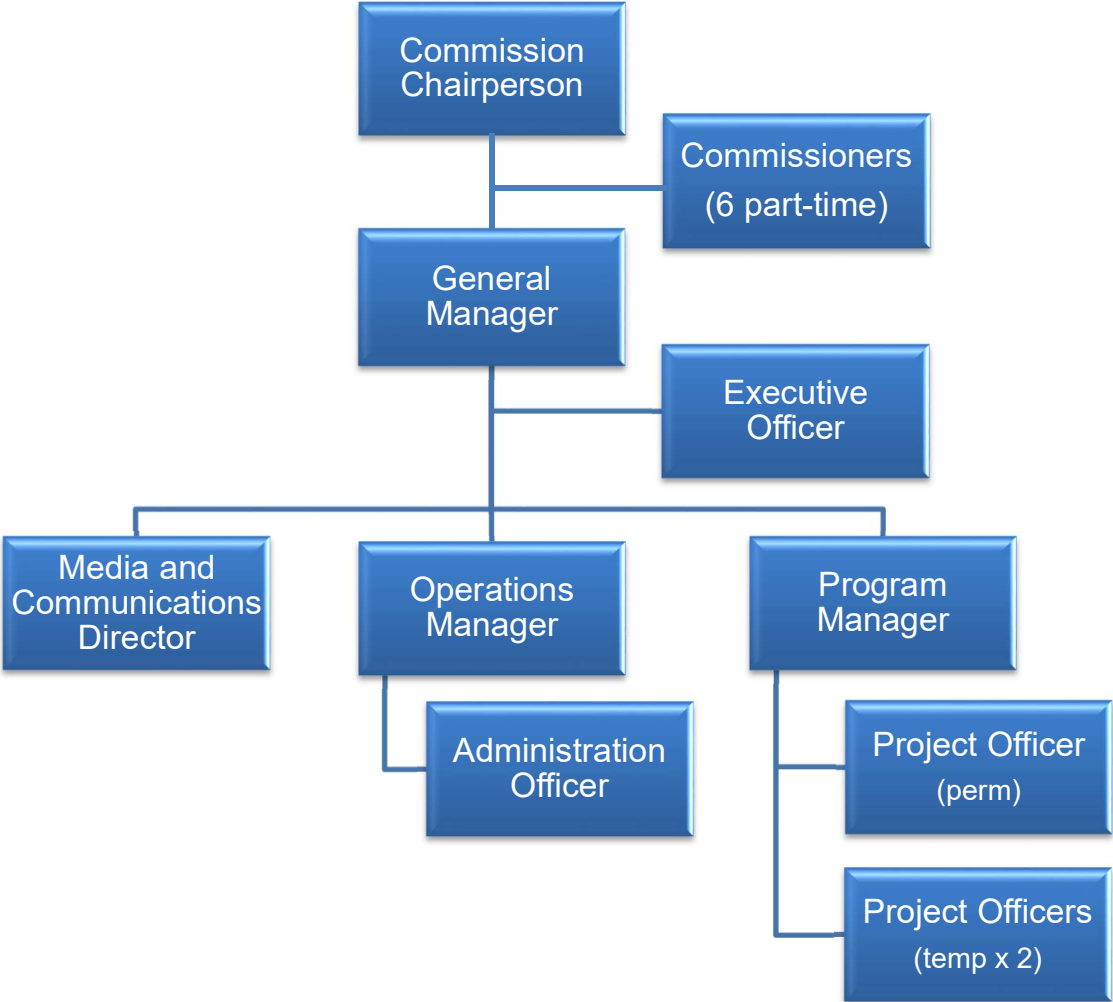
- In 2015-16, the Commission continued to work with onshore gas companies to provide up to date information on the future profile of the industry to regional Queensland, including long-term supply chain opportunities for local businesses, including:
 - liaised regularly with key Government agencies, such as the Department of Natural Resources and Mines (DNRM) and the Department of Environment and Heritage Protection on matters relating to industry performance and compliance.
 - prepared publications to promote greater transparency and confidence in the onshore gas industry's activities including:
 - Onshore gas well integrity in Queensland, Australia – Technical Communication Paper;
 - Protecting groundwater quality with gas well integrity – Topic Sheet;
 - Queensland's coal seam gas (CSG) industry snapshot 2010 - 2015;
 - Regulation of the onshore gas industry in Queensland;
 - Overview of legislation governing the onshore gas industry in Queensland;
 - Investigations into onshore gas industry and hydraulic fracturing in Australia.
 - continued to showcase the CSG Globe at regional forums as a useful source for spatial data about the industry. As the Globe has transitioned from the Google Earth platform to the new platform, the Commission has maintained ongoing liaison with DNRM to ensure stakeholders' needs are met.
 - presented at a special plenary session on community engagement at the Australian Petroleum Producers and Explorers Association (APPEA) annual conference.

Corporate Governance

The Commission places great emphasis on corporate governance. Under the guidance of Commissioners, management has implemented an administrative framework which ensures that the Commission is managed in an effective and efficient manner.

A range of policies and procedures have been developed to ensure that the Commission’s objectives are met whilst adhering to strict professional and ethical standards. Particular attention is paid to possible conflicts of interest. This includes Commissioners and staff absenting themselves from all decisions where conflicts of interest, real or perceived, may arise. These policies are regularly reviewed as part of the Commission’s annual review of its corporate governance framework.

Organisational Structure



The Board

The GasFields Commission Board is comprised of a full-time Commissioner, who is the Chairperson, and 6 part-time Commissioners. All Commissioners are appointed by the Governor in Council. The Board is responsible for setting the Commission's strategic direction, establishing strategic objectives for management and monitoring the achievement of these objectives.

In deciding whom to recommend to the Governor in Council for appointment to the Commission, the Minister must be satisfied that they meet qualification requirements and that specific interest groups are represented.

Section 10 of the Act provides for persons nominated for appointment to have experience or qualifications in any of the following:

- the onshore gas industry
- a branch of science relating to the exploration or production of petroleum, or the impact of those activities on the environment
- legal practice relevant to the exploration or production of petroleum
- negotiations between landholders and the onshore gas industry
- land management
- land valuation
- community development
- the financial and business sector

Commissioners are appointed for a term of no longer than three years, stated in their instrument of appointment. All Commissioners were re-appointed to 30 November 2016 following the expiration of their current term on 30 June 2016.

Board Profiles

John Cotter, GasFields Commission Queensland Chairman

As Chairman, Mr Cotter is responsible for the Commission's direction and outcomes. Mr Cotter works with his fellow Commissioners to manage and improve sustainable coexistence among rural landholders, regional communities and the onshore gas industry in Queensland. Mr Cotter is a beef producer and industry leader with more than 30 years experience in rural advocacy. He is a former AgForce President and has successfully negotiated the rights of rural property owners in challenging times. Mr Cotter has a track record of bringing gas company senior executives, landholders, government and advocacy groups to the same table and leading open and frank discussions on coexistence.

Shane Charles, Commissioner – Community and Business

As Commissioner for Community and Business, Shane Charles works to ensure the long term sustainability of regional communities and maximise opportunities for local businesses. Mr Charles is a qualified lawyer and business manager and currently leads the regional development group, Toowoomba and Surat Basin Enterprise.

Steven Raine, Commissioner – Science and Research

As Commissioner for Science and Research, Professor Steven Raine identifies and shares knowledge and helps direct future scientific research into groundwater, salt and land management. Professor Raine is a leading academic and soil scientist. He is the Executive Director of the Institute for Agriculture and the Environment at the University of Southern Queensland in Toowoomba.

Ray Brown, Commissioner – Local Government and Infrastructure

As Commissioner for Local Government and Infrastructure, Ray Brown assists local governments to better understand and manage potential impacts on community services and plan infrastructure development. Mr Brown has been an agricultural producer for 35 years. He was former mayor and is currently a councillor of Western Downs Regional Council in the heart of the Surat Basin.

Ian Hayllor, Commissioner – Water and Salt Management

As Commissioner for Water and Salt Management, Ian Hayllor works to ensure access to, and quality of, groundwater are not compromised, and produced water is utilised for the benefit of regional communities. Mr Hayllor is a Dalby farmer and irrigator and has grown cotton and grain crops on the Darling Downs since the 1980s. He has built a reputation as a leader in engaging with the onshore gas industry.

Don Stiller, Commissioner – Land Access

As Commissioner for Land Access, Don Stiller focuses on levelling the playing field for land access and compensation negotiations to ensure professional conduct is carried out on private property. Mr Stiller is a beef producer and feedlot owner and has served in local government for a total of 23 years, including 11 years as Taroom Shire Council Mayor. Mr Stiller has extensive experience negotiating with resource companies on his properties.

Rick Wilkinson, Commissioner – Gas Industry Development

As Commissioner for Gas Industry Development, Rick Wilkinson seeks to ensure transparency and comprehensive standards and codes across the onshore gas industry in Queensland. Mr Wilkinson has worked in the petroleum industry for more than 25 years and is the Chief Technical Officer for the Australian Petroleum Production and Exploration Association (APPEA).

Attendances at Board Meetings

During financial year 2015-16, the Board met on 8 occasions with attendance by Commissioners as follows:

Commissioner	Position	Meetings attended
John Cotter	Chairman	8
Shane Charles	Commissioner	8
Don Stiller	Commissioner	8
Steven Raine	Commissioner	8
Ray Brown	Commissioner	7
Ian Hayllor	Commissioner	7
Rick Wilkinson	Commissioner	8

Audit and Risk Management Committee

The Commission has established, in accordance with *the Financial and Performance Management Standard 2009*, an Audit and Risk Management Committee (the Committee). This Committee comprises four Commissioners, with the General Manager and Operations Manager attending meetings as observers. This ensures appropriate separation between the Committee, as the body responsible for oversight and monitoring corporate governance within the Commission, and the managers responsible for the administration of the Commission.

The Committee focuses on developing the frameworks and procedures for effectively managing business risk and provides advice on the control mechanisms to mitigate the identified risks, protect the Commission's people, reputation and assets, and promote efficient and effective work practices.

It has the authority to:

- conduct or authorise investigations into matters within its scope of responsibility
- access information, records and officers of the Commission, as required
- request the attendance of any officer of the Commission at Committee meetings
- obtain external legal or other professional advice, as considered necessary to meet its responsibilities, at the Commission's expense.

The Committee is subject to the terms of reference developed to guide its operation, as outlined in its Charter.

Members and attendance at Audit and Risk Management Committee Meetings

During financial year 2015-16, the Committee met on 5 occasions with attendance by Committee Members as follows:

Commissioner	Position	Meetings attended
Steven Raine	Chairman	5
Shane Charles	Member	5
Ray Brown	Member	3
Ian Hayllor	Member	5

External Reviews

GasFields Commission independent review

On 18 December 2015, the Queensland Government determined it would commission an independent review of the GasFields Commission. This review is being managed by the Department of State Development (DSD) and Mr Robert Scott was appointed as the independent reviewer. The review was commissioned to investigate whether there are opportunities to improve the regulatory and administrative settings for petroleum and gas regulation, including dispute resolution and the consideration of public health to address community concerns.

The purpose of this review, as outlined in the terms of reference, is to:

- evaluate whether the GasFields Commission is achieving its purpose
- evaluate whether the functions given to the GasFields Commission are sufficient to allow it to effectively manage disputes about land access and other disputes between resource companies and landholders
- evaluate whether the functions given to the GasFields Commission should include a role in managing or facilitating responses to public health and community concerns arising from onshore gas activities
- investigate whether an alternative model, such as an independent Resources Ombudsman, is needed to provide a mechanism for dispute resolution between resource companies and landholders
- investigate whether harmonisation between the CSG Compliance Unit and the GasFields Commission would provide efficiencies and improve dispute resolution between resource companies and landholders
- any other relevant matters the reviewer considers appropriate.

Public consultation for the review closed on 22 April 2016. The review process included calls for written submissions and targeted stakeholder consultations with landholders, regional chambers of commerce, local governments, industry peak bodies, gas companies and government agencies. Commission Board members were interviewed by the independent reviewer and the Commission submitted a written response to the terms of reference.

Internal Reviews

Review of financial operations and policy adherence

An independent review was commissioned in August 2015 as part of the annual corporate governance review process to assess the Commission's performance in adhering to statutory requirements, whole-of-Government directives and Commission endorsed policies, directives and procedures governing its operations, in particular, its financial operations.

The review process included reviewing:

- a random sample of GasFields Commission financial transactions and associated approvals for travel expenses, Commissioner out of session expenses and general purchases of goods and services via either DTIV or corporate credit cards.
- Commission Board meeting documentation for 2014-15 including the Board's Audit and Risk Management Committee (ARMC).
- the Commission's gifts and benefits register.
- the Commission's risk register, in particular its identified corruption/fraud and business/operational risks and associated mitigation strategies.
- progress in developing, maintaining and adhering to the Commission's governance documentation, including its corporate governance framework; corporate delegations; corporate policies and standard operating procedures.
- the process for managing the Commission's declarations of pecuniary interests, as required under Division 3 of the *Gasfields Commission Act 2013* and the gifts and benefits register, as required under directive 22/09 issued by the Public Service Commission.

The review confirmed that, overall, there was a very high degree of compliance with the Commission's corporate policies and delegations. Recommendations arising from this review were considered by the ARMC and the majority were adopted by the Commission Board for implementation.

Corporate governance and policy review

In March 2016, the Commission's corporate governance framework and associated documents were reviewed and revised to ensure that they:

- remain fit for purpose to enable the Commission to meet its legislative and statutory requirements in an efficient and effective manner;
- continue to reflect current whole-of-government policies, standards and directives; and
- provide a useful guide for Commissioners and officers of the Commission in carrying out their responsibilities.

Maintaining effective recordkeeping and information systems

The Commission recognises its obligations regarding the use and storage of, and access to, commercially sensitive information, particularly with respect to its powers to obtain information to support and manage coexistence.

The Commission aims to establish systematic fit-for-purpose recordkeeping practices that improve compliance and accountability whilst supporting responsive and informed decision-making. In 2015–16, an external review was commissioned to assess the maturity of the Commission's records management system to ensure it meets its statutory requirements and to provide recommendations for implementing better practice in maintaining the Commission's records.

The Commission's records management compliance was assessed against two standards:

- Queensland State Archives: *Compliance framework for Information Standard 40: Recordkeeping (IS40 Compliance Framework)*, and
- *Information Standard 31: Retention and disposal of public records (IS31)*.

The assessment process and results revealed that the Commission has a positive information culture and the necessary corporate governance foundations for establishing compliant recordkeeping practices. The review highlighted, as with several other compliance frameworks relevant to independent statutory bodies, that the required standards are difficult for smaller bodies to comply with. It was noted that the Commission's current compliance, whilst low, was considered a reasonably positive result.

A comprehensive implementation plan was endorsed by the Commission Board aimed at delivering a compliant and cost effective records management solution over the next 24 months. The first phase of the plan has been the design and development of an intranet for the Commission's records utilising Microsoft 365 SharePoint software.

There have been no breaches of information security noted during the financial year.

Ethical Procedures, Values and Practices

The Commission is committed to maintaining the highest ethical standards in fulfilling its responsibilities and performing its functions. The Commission's policies, procedures and practices align with the ethical principles established in the *Public Sector Ethics Act 1994* (integrity and impartiality, promoting the public good, commitment to the system of government and accountability and transparency).

The Commission has adopted the Code of Conduct for the Queensland Public Service as it applies to the General Manager (appointed under the Act) and other officers of the Commission (appointed under the *Public Service Act 2008*). Commissioners' contracts include the requirement to abide by the Code of Conduct and to disclose any potential or actual conflicts of interest. In addition, the Australian Institute of Company Directors Code of Conduct has been adopted for Commissioners.

Disclosure of interests by Commissioners is covered under Section 18 and 19 of the *Gasfields Commission Act 2013*. During the 2015-16 financial year the Commission had no disclosures under the *Public Interest Disclosure Act 2010*.

Our People

Staff Profile

The Commission employed seven (7) staff members (excluding Commissioners) as at 30 June 2016, equivalent to 7 full-time equivalents (FTE). The General Manager is appointed on an individual employment agreement, as required in the *Gasfields Commission Act 2013*. Other staff members are employed under the *Public Service Act 2008*. The General Manager's position remained vacant as at 30 June 2016.

Workforce Gender Composition

Women comprise 71.4 per cent of our permanent workforce and 66.7 per cent of all full-time positions at and above AO8 or equivalent classifications. Gender profiling is detailed in the table below.

Position	Gender	
	Male	Female
Management	1	2
AO3-AO7	1	3

Management Profiles

General Manager (Vacant from 24 December 2015)

Amanda Thomas, Operations Manager

Amanda Thomas has a Bachelor of Science (Environmental Studies) from Griffith University and began her career in cotton before moving to animal health in a Territory Sales Manager role, based in Rockhampton for 12 years. Amanda previously held the roles of Economic Development Manager with Rockhampton Regional Development and Regional Manager for the Australian Red Cross. Amanda is a member of the Australian Institute of Company Directors and has recently attended the Australian Institute of Company Directors Board Director Course.

Brendan Egan, Media and Communications Director

Brendan Egan is a graduate in agricultural science from the University of Queensland and has worked in a variety of communications and advisory roles supporting rural and regional Australia for more than 25 years. This included working for a national beef lobby group, as a rural reporter for ABC Radio, and as an advisor to regionally-based federal politicians. Brendan also has a Masters of International Business and has held various trade and investment roles supporting Australian food and agricultural exporters here and abroad.

Jackie Malone, Program Manager

Jackie Malone has extensive experience with the Queensland Government, including experience in government legislation and policy, contract management and strategic and business planning. Jackie also has experience in state-wide consultation and engagement on services provided to rural, regional and remote communities.

Equal Employment Opportunities

The Commission supports the principles underlying equal employment opportunities and actively ensures that its work environment adheres to these principles, the principles of anti-discrimination, and the avoidance of sexual harassment and bullying.

Workforce Planning

The Commission's staffing levels are based on the annual operational plan and budget. Candidates for permanent employment undergo merit-based selection and are sourced through online and print advertising, as well as through recruitment agencies, referrals and direct applications. The Commission also engages contractors for specialist advice and project work.

Employee Performance Management Framework

All new staff members undergo a corporate induction program that includes orientation to the Commission's role and functions, policies and procedures, and IT and records management systems. Each year, staff members are formally reviewed through a performance evaluation process that includes the development of annual performance and learning plans (which include professional development opportunities) and key performance indicators. The results of performance reviews are considered in the annual salary review process, and they inform decisions regarding staff suitability for salary increments, where applicable.

Flexible Work Arrangements

To the extent practicable, the Commission supports part-time work and flexible working hours. Furthermore, the Commission supports a healthy life/work balance and, to that end, encourages staff to take recreation leave on a regular basis.

Industrial and Employee Relations Framework

An employee consultation model is in place for the review and implementation of the Commission's policies and procedures. In addition, staff members receive training on changes to policy when new and/or revised policies are adopted. The General Manager manages any workplace complaints, investigations and WorkCover claims that may arise. Investigations may be outsourced where specialist knowledge or skills are required, or where there may be a perceived conflict of interest.

No workplace complaints, investigations or WorkCover claims were instituted in 2015-16.

Early Retirement, Redundancy and Retrenchment

No early retirement, redundancy or retrenchment packages were paid during this period.

Financial Summary

Detailed financial statements are included in a later section of this report. The Commission is totally reliant on annual grant funding from the Queensland State Government, with modest additional revenues generated from interest on cash balances.

Expenditure totalled \$2.416 million, with the major items of expenditure being employee expenses (\$1.632 million) and supplies and services, including travel, engagement activities, contractor services and corporate service level agreements (\$0.757 million).

The Commission received an unqualified audit report from the Auditor General confirming the Commission's financial statements were a true and accurate reflection of the Commission's transactions for the financial year 2015-16.

Comparison of Budget and Actual Results

In 2015–16, the Commission's revenue exceeded expenses, resulting in an operating surplus of \$0.113 million. The table below compares budget and actual results. The Commission has maintained a cautious approach to expenditure, whilst ensuring that its financial resources are directed towards achieving the Commission's strategic objectives.

The Commission closely monitors internal resources and its capacity to manage project delivery and other issues internally or through outsourcing. The Commission remains confident that it has the financial capacity to deliver on its strategic objectives as well as being responsive to emerging coexistence issues as they arise.

	2015-16 Actual \$ '000	2015-16 Budget \$ '000	Variance \$ '000
State Government Grant	2,500	2,500	-
Other Revenue	29	-	29
Total Revenue	2,529	2,500	29
Employee Expenses (including seven Commissioners)	1,632	1,755	123
Supplies and Services	757	710	(47)
Other Expenses	27	35	8
Total Expenditure	2,416	2,500	84
Operating Surplus (Deficit)	113	0	113
State Government Grant/Total Revenue	98.85%		
Employee Expenses/Total Expenditure	67.55%		

Significant Variances

Employee Expenses

In 2015-16, employee expenses were underspent by \$0.123 million due to vacancies awaiting recruitment processes within the Commission's organisational structure.

Supplies and Services

Supplies and services expenditure was over budget by \$0.047 million. The main area of over-expenditure related to accommodation expenses following the relocation of the Brisbane office to new premises in July 2015. This over-expenditure was partly offset by efficiencies realised in travel-related and back office expenditure such as repairs and maintenance.