

INQUIRY INTO COAL SEAM GAS

Organisation: Livestock Health and Pest Authorities
Name: Mr Nigel Milan AM
Position: Chief Executive Officer
Date received: 7/09/2011

(11618)

6 September 2011

Ms Beverly Duffy
Director, GPSC 5
Legislative Council
Parliament House
Macquarie Street
SYDNEY NSW 2000

RECEIVED

- 7 SEP 2011

**LEGISLATIVE
COUNCIL**

Dear Ms Duffy,

I have received a letter of 18 August 2011 from the Hon Robert Brown MLC, inviting submissions to the coal seam gas inquiry.

In response to Mr Brown's letter, the governing body of Livestock Health and Pest Authorities, the State Management Council, lodges the submission herewith.

The submission outlines various concerns about coal seam gas extraction, including the following matters:

- The effect on travelling stock routes, especially travelling stock reserves that are under the control of Livestock Health and Pest Authorities;
- economic imposts on affected primary producers arising from possible reduced productivity and reduced land values;
- effects on the quantity and quality of water supplies from aquifers;
- effects on local biodiversity of native species; and
- possible adverse effects on biosecurity.

I commend the submission for the consideration of the inquiry.

Yours sincerely

Nigel Milan AM
Chief Executive Officer

**NSW Legislative Council
Standing Committee No 5**

INQUIRY INTO COAL SEAM GAS

**A submission to the inquiry submitted by the
State Management Council
of Livestock Health and Pest Authorities**

September 2011

Coal Seam Gas Inquiry Submission by State Management Council of Livestock Health and Pest Authorities

Background

There are 14 Livestock Health and Pest Authorities (LHPAs) in the State that have been established under the *Rural Lands Protection Act 1998*. The LHPAs provide a range of services to the rural community, including the provision of regulatory animal health services, the management of pest animal and insect control, the management of travelling stock reserves and the administration of various stock identification systems. A State Management Council (SMC) which is the governing body of the LHPAs, and a State Policy Council, are also established under the Act.

Each LHPA has a board, and most members of such boards are elected by rural landholders. Therefore this submission not only relates to the concerns of LHPAs themselves, but we are also confident it reflects the concerns of the constituency of LHPAs' affected by CSG activity

The LHPAs have a responsibility to their ratepayers to carry out their functions in a socially and economically responsible manner. The following concerns reflect the views of individual LHPAs, State Management Council and Policy Council.

Possible effects of CSG activity on Travelling Stock Reserves (TSRs)

An outline of Travelling Stock Reserves (TSRs)

Along with other functions, LHPAs are vested with the care, control and maintenance of some 600,000 hectares of Crown lands designated as Travelling Stock Reserves (TSRs). LHPAs and their predecessor organisations have been vested with the care and control of TSRs since circa 1900. The current roles that LHPAs have in relation to TSRs include –

1. Noxious weed control
2. Fencing in certain circumstances
3. Supply of watering facilities in certain circumstances
4. Approval or rejection of applications to use such lands
5. Policing activity on such lands.

For many decades they were perceived as only existing for stock-related purposes. This involved them being land over which (walking) travelling stock could move, and them being a facility for stationary (non-travelling) grazing. For many decades TSRs have also been extensively used as apiary sites, with their flowering *Eucalyptus* genus trees forming a favoured location for many apiarists. LHPAs issue permits for the above-mentioned activities.

But since the 1980s the additional use of TSRs as public recreational sites has been formally recognised in the *Rural Lands Protection Act*, and their importance as conservation areas has also been increasingly recognised by many organisations and individuals.

Forwarded herewith are maps of the North West and the Central North LHPAs' districts, showing the respective locations of TSRs. This provides an example of the widespread distribution of TSRs in the State.

It is noted that item 1d in the Terms of Reference of the inquiry relates to "travelling stock routes". The term "travelling stock routes" can relate to a series of linked TSRs, but it can also simply refer to a route taken by (walking) stock. In many cases routes taken by stock are along a public road (not a TSR). Therefore any reference in this submission to TSRs should be construed to also apply to public roads, if the context so indicates.

Business disruption

TSRs form a network throughout NSW. Stock either walk through the TSRs, or take temporary agistment on them.

Stock and gas rigs generally do not mix, with animals often being "spooked" by activities involving motor vehicle and machinery operations. Despite mining companies providing assurances that stock access to affected areas would be guaranteed, this is a flawed assurance because of the stress often placed on stock in such environments.

Stock watering points

As a rule of thumb, stock watering points are located every ten kilometres on principal TSRs, or five kilometres apart in some instances. LHPAs issue permits to persons desiring to walk or graze stock on a TSR. TSRs have also played a vital role in providing refuge for stock in times of natural disasters.

The possible adverse effects of CSG activity on stock watering supplies is a major concern, and a perceived threat to one of the primary businesses of several LHPAs.

Loss of biodiversity habitat

The TSRs often are habitat to native fauna and flora. This often includes species that are protected under the *National Parks and Wildlife Act 1974*, or threatened species under the *Threatened Species Conservation Act 1995*. In many areas of the State, particularly where extensive cropping occurs, TSRs contain the only local remnants of native vegetation.

It is possible that CSG activity could pose a serious threat to such biodiversity in certain locations. The LHPAs have a proven record of providing a balance between conserving native species on TSRs, and meeting the needs of travelling or agisted stock. Any guarantee by mining companies that lands can be rehabilitated back to their pre-mined state after CSG activity could be flawed, and adversely affect the conservation of such species. It may be too late to save a local population of native species if the mining companies do not deliver on their "guarantee" to restore a disturbed site.

It is noted that the *Petroleum (Onshore) Act 1991* recognises the danger to endangered species caused by mining activities. Section 9(6) of the Act requires the Minister administering that Act to notify of Minister administering the *Threatened Species Conservation Act 1995* of mining activities in prescribed circumstances.

We submit that there is considerable public concern about perceived problems associated with Coal Seam Gas (CSG) activity. Our ratepayers and other stakeholders advise that the

perceived threat of mining extends to vast areas of agricultural land in NSW. This includes any affected TSRs which is our principal concern.

Economic and social implications of CSG activities

Possible negative impact on property values

There is widespread belief among some landholders that property values for land containing gas wells could be devalued significantly. Such devaluations could also apply to adjacent property. It is a matter for the Department of Primary Industries (DPI) to process applications for CSG activity, should a LPHA concur with the DPI allowing gas wells on a TSR, there may be significant land devaluation for nearby ratepayers. This would not be in the best interests of the LPHA or the affected landholders.

In this regard it is considered that there should be a formal system whereby a LPHA could appeal if it is not satisfied with certain proposed CSG activities on TSRs.

Economic prosperity

Possible future restrictions on land available for agricultural purposes, combined with any devaluation of land values, could impact on rural and regional communities.

The flow-on effect of any deleterious CSG activity could lead to abandonment of rural centres by some people and businesses. If agricultural enterprises are consequently scaled or shut down, agricultural support industries could follow. The loss of jobs in rural and regional centres from agriculture could be socially and economically devastating.

It is understood that intensive CSG labour requirements are short term, requiring only skeleton maintenance staff once sites have been established. Some claim that the current boom in small rural towns in the Surat Basin in Queensland will be followed by a huge economic downturn as current labour populations leave the developing sites in due course.

Even if only Crown lands were used for CSG activity, there would still be collateral damage caused to adjoining landholders.

Environmental impacts of CSG activity

Possible contamination of artesian and surface water supplies

Perhaps the greatest concern held by the affected LHPAs' constituents is not the financial threat posed to their individual agricultural enterprises, but the future of local (limited) water resources. In many rural locations where CSG activity could occur, the water supply is barely sufficient to meet the needs of agriculture and in dry seasons is already restricted, without the extra demand created by CSG mining.

It is realised that the "jury is still out" on the matter of possible contamination of water in aquifers by CSG activities. It is imperative that the government's requirements regarding

CSG be technically and scientifically sound so as to ensure no deleterious effects on the quality of such water supplies.

We are aware of reports that there has been insufficient regulation around the use of chemicals used for fracking, and insufficient knowledge of their possible damaging effects on the environment in the long term. This should be grounds for the NSW government to re-examine the appropriateness of certain CSG mining practices.

In this regard it is pleasing to note a media release of 21 July 2011 by the Hon Chris Hartcher MP, in his capacity as Minister for Resources and Energy, advising of new conditions on CSG extraction, including new restrictions on the use of certain chemicals associated with fracking.

Depletion of the water table and groundwater supplies

It is understood that significant amounts of water are required for CSG processes. Scientists are best placed to provide specific estimated losses, but there could be a permanent and irreplaceable depletion of the water table, particularly under the Great Artesian Basin (GAB) as a consequence of CSG activity. These concerns are at the forefront of ratepayers minds due to the possible irreversible effect on finite water supplies and thus their current farming activities.

Many farmers rely upon artesian and groundwater water sources in their production practices. Much of this is pumped and piped. Reports of losses of up to 20% in pumping pressure on properties where CSG activity has been taking place have been reported to North West LHPA. The costs to producers to sink additional groundwater bores, or seek to increase water pressure are cost burdens that should not be imposed upon them as a result of CSG mining operations.

LHPAs, along with private landholders, have invested heavily in 'Cap and Pipe the Bores' schemes in recent years. These have resulted in tremendous environmental gains, with reported reductions in water usage and flows of around 95%. Increased basin pressure from CSG activity would result in hundreds of millions of dollars invested by landholders in these schemes being lost.

In the north-west of the State, much of the CSG activity is over the Great Artesian Basin (GAB). Scientists advise that because of subterranean pressures in the GAB the water therein flows many hundreds of kilometres (underground) over time. This means that if there is any contamination of such waters created by CSG activities, the effects could be experienced in distant locations.

We are of course also concerned about possible contamination of water from aquifers other than the GAB.

Effect on stock

Trucks, drilling rigs, noise, possible chemical spills, and reduced operational stock watering points would all have an effect on stock utilising TSRs in the vicinity of CSG operations. Individually and collectively, these elements could mean the cessation of livestock production activities in certain locations. Stressed stock lose condition and production

value. Moreover, any contamination of water supplies could have adverse effects on the health of stock in affected areas.

CSG activity could also be a significant threat to biosecurity, not only at a farm level but also at a regional level. Biosecurity involves protection of animals and vegetation from harmful biological agents, including animal disease organisms and invasive species.

In this regard it is recognised that there is frequent movement of vehicles and equipment on CSG sites. To prevent or inhibit risks associated with biosecurity, there would need to be biosecurity safety practices mandated for CSG mining operators, both during construction and ongoing maintenance phases.

Apart from the above-mentioned outline of effects on stock, CSG activity could also adversely affect cropping areas.

Effect on roads and infrastructure

The number of heavy transport vehicles apparently required to carry out CSG activities would disadvantage local landholders. Many of the access roads in rural NSW are unsealed, and further, many others are roadways through private properties. The cost to the local community and individuals to upgrade and continually repair roadways as a result of the CSG activity could be significant.

On unsealed roads the level of dust and air pollution that would be generated as a result of heavy traffic could cause inconvenience and a traffic hazard to affected persons. To lessen dust pollution the solution would be to water the roads, but such actions would further add to the need for supplies from limited water resources.

The matter of compensation

It is noted that item 2a in the Terms of Reference of the inquiry refers to the legal rights of property owners. Regarding the compensation that may be granted to landowners whose land has been injuriously affected by mining, it is noted that section 107(3) of the Petroleum (Onshore) Act 1991 states –

107(3) Compensation is not payable under this Act by the holder of a petroleum title, or a person to whom an easement or right of way has been granted under this Act, where the operations of the holder or person do not affect, and are not likely to affect, any portion of the surface of any land.

This indicates that compensation may only be payable where the surface of land has been adversely affected. As indicated above, LHPAs are also concerned about subterranean water sources being possibly adversely affected by CSG activity. In the event of aquifers being adversely affected by such activity, it appears that section 107(3) may not be of benefit to the landowners concerned. It is recommended that section 107(3) be examined in relation to this matter.

Appendix - Reference to concerns raised with the Minister for Primary Industries

On 2 June 2011 the Chairman of the State Management Council of LHPAs articulated the LHPA's concerns regarding CSG activity in a letter to the Minister for Primary Industries. That letter said -

2 June 2011

*The Hon. Katrina Hodgkinson MP
Minister for Primary Industries
Level 30 Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000*

Dear Minister,

Thank you for attending the State Policy Council meeting in Orange recently. One of the questions you received was in relation to drilling for Coal Seam Gas (CSG) on a Travelling Stock Route (TSR) controlled by the North West Authority of the LHPA's. My discussions with LHPA's Chairs indicate that there are draft proposals to use TSRs for gas pipelines, mining extractions and related uses.

My immediate concern relates to such an application; the North West Authority of LHPA has until 14 June 2011 to respond to an application from Leichhardt Mining to drill for CSG on a TSR. The private landholders adjoining the TSR have not granted approval to drill for CSG; therefore the question arises as to why TSRs are being targeted?

Under the current memorandum of understanding between the LHPAs and Department of Lands, the responsibility for approval of these applications rest with the Department,

The LHPAs' concerns relating to CSG refer mainly to:

- Possible impacts on TSRs which are prime examples of natural ecosystems*
- Possible impacts on underground water, particularly the Great Artesian Basin, and the threat this poses to water quality used by stock accessing TSRs*
- Its core function is to "safeguard agriculture"; in NSW*
- TSRs will be targeted in areas where landholders oppose the development*
- The activity occurring on TSRs in areas where landholders oppose development, impacts on the LHPAs' image of being there to assist landholders*

Having been given a copy of the NSW Liberals & Nationals Strategic Regional Land Use Policy by Kevin Humphries MP, member for Barwon, the LHPAs have concerns for the future of TSRs under this plan. If TSRs are targeted as energy and transport corridors and by CSG extraction, has the impact to the environment been considered? The LHPAs responsibility for TSRs is to maintain corridors for stock movement and associated grazing and ensure environmental values are maintained.

On behalf of the LHPAs I request you evaluate the issues raised and consider the following recommendations from the LHPA State Policy Council.

- 1) *That the State government supports an indefinite moratorium on all CSG, new mineral and extraction activity on TSRs until satisfied through the provision of independent expert evidence that:*
 - a) *There will be no significant or irreversible impact on the level and quality of aquifers, natural waterways, and the Great Artesian Basin.*
 - b) *There will be no detriment to, or loss of neighbouring prime agricultural land, and*
 - c) *There is evidence that CSG does not pose a risk to human or animal health*
- 2) *The environmental and agricultural benefit of the TSR will have priority over CSG exploration and extraction activity*
- 3) *The LHPA be included in any negotiation relating to access to TSRs for CSG or extraction activity*

State Management Council seeks clarification from the Minister of the Government's intent in relation to its Land Use Policy as it relates to TSRs and CSG exploration and extraction.

Aside from the CSG extraction issue raised in this letter I would welcome a meeting to work together towards achieving positive outcomes for the future management of TSRs in NSW.

Yours sincerely

*Ian Donges
Chairman
LHPA State Management Council*

It is requested that the inquiry take into account that letter as part of this submission.

The SMC and LHPAs appreciate the opportunity to lodge this submission with the inquiry.



Travelling Stock Reserves within the Central North LHPA District



Legend

- Major Towns
- Main Roads
- Main Highways
- Main Rivers
- LHPA Division boundaries
- TSRs managed by LHPA
- Other TSRs
- Central North LHPA District

Produced by the LHPA State Management Council
Edition 2, 1 September 2011
Topographic and TSR information supplied by the
NSW Land & Property Information in Dec 2010.



