

**Submission  
No 551**

## **INQUIRY INTO COAL SEAM GAS**

**Organisation:** Great Lakes Council

**Date received:** 14/09/2011

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The Hon Robert Brown MLC  
Chair Coal Seam Gas Inquiry  
NSW Legislative Council  
Parliament House  
Macquarie Street  
Sydney NSW 2000

7<sup>th</sup> September 2011

Dear Robert

**Re: Inquiry into Coal Seam Gas**

Thank you for the opportunity to provide a submission to the Inquiry. Great Lakes Council makes the following comments in relation to Coal Seam Gas (CSG) development within the Great Lakes LGA. The submissions addresses in particular terms of reference 1a, 1b, 1c, 1e, 1 f, 2b,2e and 4.

**The Great Lakes Economy - Clean Water**

The key economic drivers of the Great Lakes are healthy waterways and the sustainability image of our clean waterways and coastal environment. The Great Lakes is dependent on tourism (\$140 million/year), the oyster industry (\$11 million in farm gate sales per year) and commercial estuarine fishing. The Great Lakes has also important agricultural lands supplying beef, dairy poultry and other specialised niche products to local, Newcastle and Sydney markets. Good water quality is critical to the continued success and sustainability of these industries. Council and the local community are well aware of the impact of poor catchment management on water quality and our economy through the 1997 Hepatitis A outbreak in Wallis Lake which seriously impacted on the oyster and tourism industries. As

such the maintenance and improvement of water quality is valued very highly by the community and Council. This view is also reflected in Council's Community Strategic Plan.

The Council and community are very concerned that our high quality natural assets and local economy would be jeopardised by development of the Coal Seam Gas industry. It is our opinion that, to date that there has been a deficient community engagement process, an uncertainty over the long term and cumulative impacts, an unacceptable risk of failure of waste water management and inability to provide satisfactory independent and peer reviewed scientific evidence of proven and practical mitigation measures has undermined community and stakeholder confidence in the industry. The necessary rigorous and credible science, engagement and assessment process is not available to provide the necessary confidence to Council that a future development of a CSG industry in the Great Lakes will not have adverse impacts on our natural assets and economic drivers as well as existing land uses and community interests, needs and places of value.

Great Lakes Council in partnership with the Commonwealth Government and State Government have invested considerable resources to collecting a rigorous body of science to develop, underpin and implement the Great Lakes Water Quality Improvement Plan. There is strong community and industry support to maintain and improve the water quality in our waterways. Considerable efforts have been made to cap or improve pollutant levels from all new and existing development within the catchments of Wallis Lake, the Myall Lakes and Port Stephens. At this stage Council does not have the confidence that CSG development can be undertaken such that the neutral or beneficial effect objectives are achieved for our catchments. It is considered that given the current uncertainty associated with long term impacts and unproven technology that the development of the industry within the sensitive catchments of the Great Lakes would warrant the application of the precautionary approach.

The Great Lakes Council LGA contains the Myall Lakes Ramsar site centred on the Myall Lakes National Park near Bulahdelah. Exploratory activity associated with PEL 476 is currently being undertaken in the catchment of the Myall Ramsar site. The catchment of the Ramsar wetland is contained and the lakes are at high risk of changes in land use within the catchment. The Myall Lakes have suffered from toxic algal blooms in 1999 associated with excess nutrient loading. Substantial efforts have been made to improve lake water quality through the Great Lakes Water Quality Improvement Plan. The Ramsar issue highlights the need for reforms in both the approval process for exploration leases and the assessment process of CSG proposals. The assessment and approvals process is not well integrated with Commonwealth, State catchment and water planning arrangements and local catchment, land use and water quality strategy and improvements.

### **Water quality risks and Conflicting Land Uses**

Council is supportive of the development of a NSW Coal Seam Gas Strategy to provide a strategic framework for determining the constraints and opportunities for CSG gas exploration and development. Great Lakes Council would advocate that the particular sensitivities of the waterways of the Great Lakes and the importance of maintaining them in a clean and healthy condition to local industries, employment and community well being warrant rigorous application of the precautionary approach. The advice of the National Water Commission should be taken on board by State agencies responsible for planning and regulation of CSG proposals. The National Water Commission advises that "governments adopt a precautionary approach to CSG developments, ensuring the risks of the water resource are carefully and effectively managed". The National Water Commissions Position Statement on CSG and Water (2010) highlights significant water management risks including:

- Extraction of large volumes of low-quality water which will impact on connected surface and groundwater systems.
- Impacts on environmental assets and other water users including reduction in surface water flows in connected systems and subsidence of land and subsequent impacts on water systems etc.
- Large volumes of treated waste water may be produced and "if released to surface water systems, could alter natural flow patterns and have significant impacts on water quality, and river and wetland health".
- Hydraulic fracturing has the potential to cross contaminate groundwater.

These issues are of very real concern in the Great Lakes and any adverse impacts from the CSG extraction process would be manifested due to the acute sensitivities and close relationship of waterway health to changes in catchment land use and management as well as the close link between the health of the lakes and the viability of the local economy. Council considers that CSG development carries unacceptable uncertainty and long term risks to the Great Lakes and has the real potential to cause unreasonable social and environmental impacts by disrupting existing land uses. In this regard Council strongly advocates that rigorous assessment of potential land use conflicts and benefit cost analysis over the long term is required. This assessment needs to have rigour to consider conflicting land uses such as tourism, high conservation areas, loss of high quality agricultural lands, damage to aquifers and stream flows and cultural heritage both in the immediate area and in the downstream and surrounding catchments. This assessment should be undertaken independently of the CSG industry. Social, economic and land use impact assessments undertaken by firms sympathetic to the industry are disingenuous to the local community.

The benefit cost analysis associated with gas extraction must involve assessing costs associated with:

- Risk of decline in water quality and impacts on agriculture, biodiversity, tourism, aquatic health and aquaculture.
- Social impact on existing and future business, land uses, affordability of housing and impacts on other industries etc
- Long term and irreversible loss of native vegetation.
- Loss of ecosystem service value e.g. wildlife corridors, provision of clean water provided by vegetation etc.
- Loss or decline of agricultural land.
- Loss of amenity and decline of small communities and competing land uses;
- Loss of access to surface and groundwater.
- Carbon footprint of the industry and particularly the fugitive emissions produced as part of the fracking process.
- Cumulative impacts of multiple projects.

In consideration of the above issues it is argued that the environmental, social and economic constraints and risk should exclude the confined sensitive catchments of Wallis Lake, Smiths Lake, the Myall Lakes and Port Stephens from future coal seam gas development when the precautionary approach is applied. This specific exclusion must be identified and clearly articulated through a State wide Strategic Plan for Coal Seam Gas.

### **Effective regulatory arrangements**

It is essential that a strong and integrated regulatory framework is quickly put in place to protect downstream receiving waters, aquaculture industry, town water supplies, agricultural water users, existing and future land uses and community well being. The experience with the development of the Gloucester Basin CSG raises significant and serious concerns and undermines confidence in the existing assessment and regulatory process. In this case the

environmental assessment failed to consider impacts on drinking water quality and supply even though the supply provides to a population of 75,000 and the proposal involves direct river discharge of 'production water'. Such serious omissions and deficiencies in the process do not provide confidence to individual landholders, communities and downstream industries dependent on good water quality and stream flows. It is essential that regulatory processes require a full assessment of the potential short term and long term cumulative impacts on sensitive estuaries especially with close links to aquaculture production, tourism and fishing industry.

In the NSW Coal and Gas Strategy Scoping Paper the Gloucester and Great Lakes Region was not considered separately and is typically considered in conjunction with the Hunter Valley. The Great Lakes Region should be addressed separately from the Hunter as it has far more acute water quality, biodiversity, estuarine health and sustainable tourism values than the Hunter. Once again these values have been recognised and affirmed by the Commonwealth and State Governments partnering with Great Lakes and investing considerable resources to collecting a rigorous body of science to develop, underpin and implement the Great Lakes Water Quality Improvement Plan.

### **Community concern**

The community concerns are significant and need to be addressed in a transparent manner. Without precedent, this Council has been contacted by a very large and broad cross section of the community regarding CSG. Whilst Council has no or limited regulatory responsibility in relation to CSG development and assessment processes, Council is a custodian of the local area and many of the concerns raised overlap into considerations in Councils Strategic Plan. Council always wants to see a balanced and objective consideration of the issues. It is clear to date that the community and stakeholder engagement process around CSG issues falls

well short of accepted standards and processes. A more meaningful and transparent engagement process is critical to properly address community concerns.

Constructive approaches to resolving conflict in a transparent balanced and rational manner have been overlooked in favour of marketing as demonstrated by recent advertising by the Australian Petroleum Production and Exploration Association. The conventional “decide and defend” approach to large scale and cumulative development of CSG and mining concerns will not resolve the evident deep community concerns.

Council supports a local/catchment strategic approach to CSG where an exchange of information can take place and independent scientific experts are made accessible to community and stakeholders. Council would like to see the State Government and industry approach to community and stakeholder engagement move beyond managing engagement as a compliance activity and genuinely involve people (particularly local communities) in ways and forums that build trust. It is essential to understand community interests, needs and values.

It is recommended that as part of the review of the regulatory framework for CSG that best practice engagement processes are required for all new CSG developments so that decision making that has the confidence of the community are achieved. Engagement should be fully funded by the industry but managed and undertaken independently, to remove allegations of bias and ensure that a conventional public relations exercise is avoided in the future. This will build trust in the process and also trust in the outcome.

It is also recommended to the Inquiry that communities who are adversely impacted by the social and environmental impacts of coal seam gas and mining development should receive an improved share of the benefit from the activity. Investment is required to improve local infrastructure such as roads, cycleways, public toilets and reserves and in addition, in the



case of the Great Lakes, make significant and meaningful investment in catchment water quality improvement so as to sustain existing local industries dependent on water quality.

In conclusion it is understood that the CSG industry offers substantial economic and other benefits to NSW however the consequences of not managing the environmental, land use and social risks are significant. The full costs of environmental, social and land use impacts should be borne by CSG companies. On balance, if this industry meets all the performance targets and through rigorous assessment addresses all the environmental, social, and land use risks through an independent precautionary framework then Council would respect the right to develop a CSG industry within the Great Lakes. Until this is undertaken it is recommended that any further development of the industry be prevented within the sensitive catchments of the Great Lakes.

Yours faithfully

  
**Glenn Handford**  
**General Manager**