

**Submission
No 336**

INQUIRY INTO COAL SEAM GAS

Organisation: Norco Co-Operative Ltd

Name: Mr Jeff Collingwood

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Coal Seam Gas Submission
To the General Purpose Standing Committee No. 5
By Norco Co-Operative Foods
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Norco is very concerned at the prospect of large scale development of Coal Seam Gas in NSW. Not only does it impact on our milk suppliers, it impacts on our business being able to source high quality milk from the local area and our Rural Stores ability to supply the rural sector. If Norco were to lose farmers due to CSG, then we would need to look further afield for supplies of milk which would ultimately increase the cost of our business operation.

Norco is a diverse agricultural Cooperative committed to building our financial strength and stability , which includes enhancing the economic vitality and diversity of the rural and regional communities. We employ over 600 people.

As a cooperative, Norco has the well being of its dairy farm members as its primary focus. In this regard, we are aware of the extreme concern of dairy farmers at present because companies have been granted licenses to explore for Coal Seam Gas (CSG) over a broad area of the north coast of NSW which covers many dairy farms.

Norco has milk factories based in Lismore and Raleigh in NSW and in Labrador in Queensland. Milk is supplied into these factories from dairy farmers who farm along the east coast of NSW from Dungog through to the Northern Rivers of NSW and into south east Queensland. Dairy farms are typically situated on highly productive agricultural land in these regions.

In addition we operate 25 Rural Stores and 2 stockfeed mills located along the east coast which service the highly productive rural sector.

Food security

Coal seam gas development threatens the critical mass of dairy farmers in the regions. A delicate balance currently exists between supply and demand for milk in the region.

The devastating floods across NSW and Queensland this year highlighted the dairy sectors ability to effectively manage the supply of fresh milk into local markets given the current distribution of dairy farmers. CSG development in the regions would clearly impact on the ability of the dairy sector to achieve this in the future. Food security is every bit as important as energy security. Clearly a balanced approach to the issue of land use is required. It makes no

sense to take prime agricultural land out of production when alternatives are surely available through careful planning. We have seen the effects of mining on the retention of prime agricultural land in many areas. One by one, properties are taken out of agricultural/food production. Certainty is required for dairy farmers so that they can continue to invest in their businesses with confidence to supply the food we need in our regions into the future.

The long term local supply of high quality milk directly impacts on the Norco Foods business to plan and grow into the future.

Agricultural Activity

Our dairy farmers have made significant investments in their dairy businesses to supply high quality milk for their local markets. Dairy farms are highly developed businesses based around high productivity prime agricultural land. To take out one paddock of their operation for CSG could put the whole of their business at financial risk. We believe that gas exploration and extraction should not be allowed on prime agricultural land and nearly all dairy land would be classified as prime agricultural land.

To overlay another business enterprise, as in CSG, over the top of an existing highly productive dairy enterprise is very problematic. Establishment of CSG wells will affect hugely the day to day management of the dairy farm. Taking key parts of a dairy farm property for CSG may well make that dairy farm unviable.

The interference with the farm's operation would be substantial from CSG. Suggestions that an area of 4 square meters of land is all that is required for each well is not correct. Even in lower rainfall areas such as Camden, which saw the first wells go in, an area of up to ½ ha of land has had to be graveled to take the large drilling rigs and trucks in addition to a gravel access road and pipes to convey the gas between each site and off the property.

With the higher rainfall on the North coast of NSW, access would be even more difficult and require greater areas of land. Dairy farms are laid out in many 2-3 Ha paddocks with cows coming to and from the dairy twice a day and this would necessitate the gas companies building a separate access road for continual access during the period of drilling the exploration and production wells. We believe that the period of drilling an exploration well could be months on a 24/7 basis and the movement in and out of the property would cause massive disruption to management. All this is a cost to the dairy farmer wanting to run their business.

Our Rural Stores and Feedmills which supply the rural sector that would pose a direct threat to the profitability of our Rural Stores if there are less farmers to service, less goods would be sold impacting on the long term viability of our store businesses.

Water supplies

Most dairy farmers use ground water or river water to water stock and operate the dairy. Drilling often uses excess amounts of water and has been found to damage underground aquifers and contaminate ground water through the drilling process. We believe at least one company, that plans to drill, has approval to use fracking chemicals to break rock and these are known to be carcinogenic.

Operation of dairy farms must adhere to strict environmental guidelines. It would be hoped this applied to any CSG operations as well. Water quality and available water volumes are very important issues to the dairy industry.