

Submission
No 397

INQUIRY INTO COAL SEAM GAS

Name: Mrs Penny & Mr Robert Blatchford

Date received: 6/09/2011

Partially Confidential

Mr Robert & Mrs Penny Blatchford

2nd September 2011

Committee Director – Ms B Duffy - General Purpose Standing Committee No. 5

Legislative Council - Parliament House

Macquarie St, Sydney NSW 2000

Re: Inquiry into Coal Seam Gas

I am a 4th generation farmer from the North West of NSW farming dryland broadacre east of Gurley and Bellata, South of Moree. My husband Robert (2011 Australian Nuffield Scholar) and I have three children. (below).



Photo 1 – The Blatchford Family of Gurley

Photo 2 – Durum Wheat - Nandewar Ranges and Gurley Creek in background

The Moree Plains Shire is recognised as NSW's largest agricultural shire with highly productive agricultural lands throughout the Shire. The particular area I am from is highly productive agricultural land with land values from approximately \$4,000 ha plus.

On our particular landholding we farm [redacted] ha no-till dryland broadacre crops such as durum wheat, bread wheat, faba-beans, chickpeas, millet, barley, sorghum, sunflowers and cotton as well as cattle. Crops are diverse and are grown on rotation season to season. The machinery that we own is on 3 metre wheel spacing's which allows all machinery to drive only in one particular place in the fields to minimise compaction. The machinery that we use is the most modern you can buy using global positioning satellite navigation systems. The widths of the machinery are at the current maximum on the market that being 36 metre wide (spray machinery and planting machinery). The soil type is black loamy self mulching on sloping to undulating country. The Gurley Creek runs through our properties. 2011 has seen the largest cotton crop in Australia's history, we have contributed to the record producing our own record number of cotton bales.

In the 2010/2011 our business returned above average returns on equity based on our current land valuations and crop yields. This was a direct result based on our no-till conservation farming techniques, use of biological fertilisers, economies of scale and early adoptions of modern farming machinery and on farm innovations. The region also supports two growing seasons (Winter and Summer) and fertile soils which landholders are able to take advantage of to return above average returns on investments compared to other farming regions.

The Agripath NW NSW Farming Benchmarking Group that we are members of represents over 50 landholders over 300,000 ha with an average value of total assets \$27.5 million per member. With an average ROAM % of 9.7% (09/10). This represents a significant investment in agriculture in this region. Return on assets is the key measure used to compare farm performance. Coal Seam Gas mining poses significant risk to the ROA. These figures are based on an average of 75% of arable land being in full production. Using a current market valuation of the land farmed. Coexisting with CSG will reduce a landholders capacity to manage the lands to full production, remove land for at least 20-30 years from production, impact on land values and risk to the landholder of not being able to sell the land for its true value if at all. Any reduction in equity levels due to falling land values, or loss of land being able to be utilised for agricultural purposes will impact on our ability to meet repayment commitments and access further borrowings. This will impact on our ability to invest and future expansion plans.

Before even considering the environmental and social implications.

Rabobank's latest Rural Confidence Survey Media Release (05.09.2011) found Australian farmer sentiment "has dipped into negative territory – with more farmers expecting conditions to worsen than improve in the next 12 months". The article writes that despite good weather conditions and market prices farmers hold great concerns for government intervention policies, impact of CSG exploration and mining on agriculture. 62 % of NSW and 71% of Qld farmers surveyed view CSG exploration as a threat to agriculture.

The reason that I have briefly outlined my own particular farm, include an outline of farm averages from the Agripath Benchmarking Group and refer to the Rabobank Rural Confidence survey is to emphasize the importance of planning and implementing exclusion zones from exploration and mining for highly productive agricultural lands. And the important role that government and the public play in the decisions of balancing a vital existing industry with an emerging industry. One industry should not be replaced with another. The NSW Legislation must be reformed to reflect this.

The economic, social and environmental impacts on agriculture must be researched and carefully considered for these highly productive agricultural lands. Australia may now be in a unique position of feeding its nation. However, if mining is allowed to proceed in highly productive agricultural areas such as the Bellata Gurley area in the Moree Shire, Liverpool Plains of NSW and the Darling Downs in Qld our future food security will be at risk.

As a broadacre dryland farmer – continuing to farm on a day to day basis alongside mining would be impossible. As I mentioned before our machinery drives only in one particular place to reduce compaction, the fields need to be free of any fencing, ponds, dams, roads, to allow for the wide machinery to carry out their operations and to turn around – a machine 36 metres wide on a GPS system can not zig zag and needs plenty of room to move. And there can be no risk of salinity, soil erosion and contamination of the water and soils – the impact on yields and the capacity to produce crops and earn a living would be reduced to nil with contaminated, saline soils and water. It is also the water we drink, wash in, spray our crops with, water gardens, and livestock drink.



Photo 3 – 36 metre dryland cotton planter on 3 metre spacings

Photo 4 – JD 7760 Cotton baler modified to cover 12 metre double skip on 3 metre spacings with additional trailer to carry bales out of the field. Reduces compaction and traffic infield.



Photo 5 – 36 metre JD 4930 spray rig 3 metre spacings

Photo 6 – 40 foot header comb. Header and Tractor both on 3 metre wheel spacings. Extensions made to both augers to enable machinery to drive on the same line with the use of GPS steering.

I am concerned about the protection of the natural environment and prime agricultural land, land valuations and the farming interests those lands support. The Bellata Gurley areas most common current land use is the cultivation of crops, particularly cereal crops. I have concerns about the impact the Coal Seam Gas exploration activities may have on groundwater resources in terms of pollution and pressure, soil health in terms of erosion and contamination, and altered surface flows and quality as well as the livelihoods and amenity of those that rely on the lands.

The Bellata Gurley farming region has unique natural resource characteristics as well as high socio-economic value, high productivity, good infrastructure and access to markets. Essential components that makes strategic agricultural lands and an asset to the NSW and Australian people to ensure their food security into the future.

I write to you in partnership with my husband Robert, as an Australian mother, wife, farmer, business woman, concerned individual for Australia's future food security and well being of our natural resources asking you to please consider as part of the Senate findings to introduce into the New South Wales Parliament Mining Act, 1992:

1. That the Senate findings support a moratorium to extend to all owners of rural properties in New South Wales who have highly productive, agricultural holdings and who oppose access to their land by companies seeking exploration, drilling and mining entitlements over such lands on all new CSG exploration licences. A moratorium would need to be for at least a period of 12 months to allow for legislative reforms to be implemented in full.
2. That there be an immediate cessation of all proposed activities by these companies including access to land, exploration, drilling and mining until such time as a government review is carried out whereby highly productive, agricultural lands are classified as exclusion zones and thereby removed from exploration, drilling and mining.
3. That legislation be written to increase the property rights of landholders and the right to say no to access on prime agricultural land, food producing lands and the right to protect their land from coal seam gas exploration and mining.
4. Independent regulatory agencies are put in place to monitor the activities and conduct of the coal seam gas and mining companies.

I would also like to request that Petroleum Exploration Licence 470 held by Leichardt Resources be retired on 30 April 2012.

Petroleum Exploration Licence 470 held by Leichardt Resources Pty Ltd located about 45km SSE of Moree is due to expire on 30 April 2012. I am writing as a landholder of PEL 470 to request that the Senate as part of its report findings retire this licence on 30 April 2012 and do not grant a request for renewal should one be made.

The communities of Bellata, Gurley and Terry Hie Hie who form part of PEL470 are opposed to the exploration of Coal Seam Gas (CSG) under the current legislative environment based on the points that I have raised in this letter. Landholders have legitimate concerns relating to the economic, environmental and social impacts the mining of CSG will have on the sustainability of our agricultural land, water aquifers and regional communities.

As both the Federal and State governments are currently taking action to make reforms to CSG legislation to protect strategic agricultural land and associated water resources it is imperative that the existing exploration licence granted by the former labour government are retired so that they will not fall into the retrospective category exempting them from new conditions imposed by legislation to be introduced over the coming months.

“Australian farmers in summary - through developing new technologies, seizing environmentally-sustainable farm practices, and improving efficiencies and competitiveness, modern farming is essential to Australia’s economic, environmental and social wellbeing, ensuring Australia is self-sufficient in meeting daily food needs and is increasingly a critical source for mounting world food needs. Farming is a mainstay of Australian ingenuity, adaptability and enterprise”.

<http://www.nff.org.au/farm-facts.html>

Although our three children are young, the eldest two, have indicated they want a future on the farm. My writing to the Senate is for their future and for their future to include producing food and fibre for Australia and for export. Decisions and Legislation enacted now will not only alter the way Rob and I farm today and the decisions we make but will impact directly on their Environment/World, dreams and aspirations.

I wish the Committee all the best with the Inquiry, thank the NSW government for initiating the NSW Inquiry into Coal Seam Gas and the opportunity to write to the Legislative Council. I would also like the opportunity to meet with the Committee for the hearing in Narrabri on November 16th, 2011.

Yours sincerely,

Penny & Robert Blatchford

Given the personal information (photographs) included in this letter I ask that the Committee consider my request for my submission to remain confidential and not be released to the public.



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Media Release
September 5, 2011

Concerns 'outside farm gate' shake Australian rural confidence

Results at a glance:

- Rural confidence has fallen into negative territory – with more farmers expecting conditions to worsen than improve
- Fall comes despite generally positive seasonal conditions and commodity price outlook.
- Global economic uncertainty and concerns about public policy issues were major contributors to farmer pessimism
- Beef producers the least confident sector in the nation

Australian rural confidence has slid to its lowest level in more than two years, with global economic uncertainty and concerns about public policy impacting on farmer sentiment.

The latest quarterly Rabobank Rural Confidence Survey found Australian farmer sentiment has dipped into negative territory – with more farmers expecting conditions to worsen than improve in the next 12 months.

A comprehensive monitor of outlook and sentiment in Australian rural industries, the Rabobank Rural Confidence Survey questions approximately 1200 farmers across a wide range of commodities and geographical areas throughout Australia on a quarterly basis.

The latest survey – completed approximately a month ago – found 35 per cent of farmers expected conditions to worsen in the coming year, a significant increase from the 12 per cent with that view in the previous quarter. Only 18 per cent of farmers expected the agricultural economy to improve (down from 42 per cent previously), while 42 per cent expected conditions to stay the same.

Rabobank general manager Rural Australia Peter Knoblanche said the fall in farmer confidence appears to have been influenced more heavily by factors "outside, rather than inside, the farm gate". Global market volatility and concerns about public policy issues were shown to have had the main dampening effect on farmer confidence this quarter.

"Inside the farm-gate, from a production point of view, things are shaping up for an overall good season," Mr Knoblanche said.

"Generally speaking, with the exception of some pockets, seasonal conditions across Australia are good or average. There has been enough rain to maintain the prospects for winter crops and for pasture growth for graziers, although many areas will need further average rainfall in spring to guarantee a decent harvest.

"That said, farmers are not only affected by what is happening in their paddocks, but also what's happening in the local and international economy."



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Mr Knoblanche said while the Australian economy and agricultural fundamentals remained strong, it appeared some of the global turmoil, which was occurring at the time of the survey, had rubbed off on farmer sentiment.

Concern about government intervention and policies, including the threat to live exports, was also nominated as a major driver of farmer pessimism in the survey. Of those primary producers who expected conditions to worsen over the next 12 months, 45 per cent identified government intervention policies as a major contributing factor, while threat to live exports specifically was also top of mind for 25 per cent.

"The survey highlighted farmer concerns and uncertainty around issues including the proposed carbon tax, the suspension of live cattle exports to Indonesia and the impact of coal seam gas exploration and mining on agriculture," Mr Knoblanche said.

The majority of farmers surveyed (52 per cent) viewed coal seam gas exploration as a threat to agriculture. This figure was higher in states where coal seam gas exploration or mining was occurring – with 62 per cent of New South Wales farmers and 71 per cent of Queensland farmers having this view. Overall, seven per cent of farmers surveyed believed coal seam gas exploration represents an opportunity to agriculture while 40 per cent were undecided.

"Threat to live export was also top of mind for farmers, particularly cattle and sheep farmers at the time of the survey – however the two private member bills to ban live export have since failed to win support from the government or opposition," Mr Knoblanche said.

Of those farmers surveyed who expected conditions to improve over the next 12 months, 52 per cent cited rising commodity prices as the major driver and 46 per cent nominated favourable seasonal conditions.

Mr Knoblanche said commodity prices remained high, although prices had eased in the past month for most commodities including wheat, beef, sheep and dairy. "The high Australian dollar is also beginning to take the edge off returns for producers," he said.

Farm business performance, income and investment intentions

In terms of farmers' expectation of their own operations, the Rabobank survey found a fall in sentiment – 31 per cent of those surveyed expected to see improved performance in their business over the next 12 months, down from 53 per cent last quarter. While 44 per cent of farmers expected the performance of their business to remain the same, 21 per cent expected performance to worsen.

Overall, 34 per cent of respondents expected to have higher incomes over the next 12 months, although the number of producers expecting lower gross farm incomes increased to 22 per cent, compared to 10 per cent last survey.

The reduction in income expectations follows a generally favourable second quarter for gross farm income this year. A total of 49 per cent of Australian producers surveyed reported higher gross farm incomes, compared to the same period the previous year.



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Farmers' investment intentions also declined this quarter. A total of 87 per cent intended to maintain or increase the level of investment in their business, down from 95 per cent last quarter.

States

In line with the national trend, all states recorded weaker sentiment compared to the previous quarter. In NSW, Victoria, Queensland and South Australia, farmer confidence is in 'the red' – with more farmers expecting conditions to worsen rather than improve. Although Western Australian and Tasmanian farmer sentiment is still in positive territory – with more expecting conditions to improve rather than worsen – confidence is still comparatively low.

Mr Knoblanche said generally farmers across most of Australia had received average to good rainfall in the winter season. "Graziers in Queensland and New South Wales are enjoying very good pasture conditions and across Western Australia conditions in the grain belt have also improved," he said. "However, market dynamics as well as concerns about intervention and policies are working against farmer sentiment."

Queensland farmers recorded the lowest confidence levels in the survey. "This is mainly driven by cattle farmers in the state," Mr Knoblanche said. "The suspension of live trade export to Indonesia has shaken confidence in cattle farmers in the north, although the lifting of bari has been a welcome development for producers."

Tasmanian farmers were found to be the most confident this survey, despite confidence also declining in this state. "Seasonally conditions are sound, although heavy winter rainfall in the state has delayed the planting of some crops. Despite this, the state is well positioned for the spring emergence," Mr Knoblanche said.

Sectors

The decline in confidence was reflected across all sectors.

Cattle farmers reported the lowest confidence, with only eight per cent expecting conditions to improve in the next 12 months.

Mr Knoblanche said beef producers in all states reported a dramatic decline in confidence in the survey, not just northern producers directly impacted by the Indonesian live export ban. "This is due in part to global markets, with Australia's key market of Japan still subdued in the wake of the earthquake earlier in the year," he said. "Consumer confidence is also likely to impact on global beef demand with continued concerns that the US and EU could move into recession. In addition, suspension of live trade to Indonesia also indirectly affected cattle producers in the southern states, with confidence impacted by concerns there would be an influx of northern cattle on to the market."

Dairy producers reported the highest confidence with 39 per cent expecting conditions to improve.

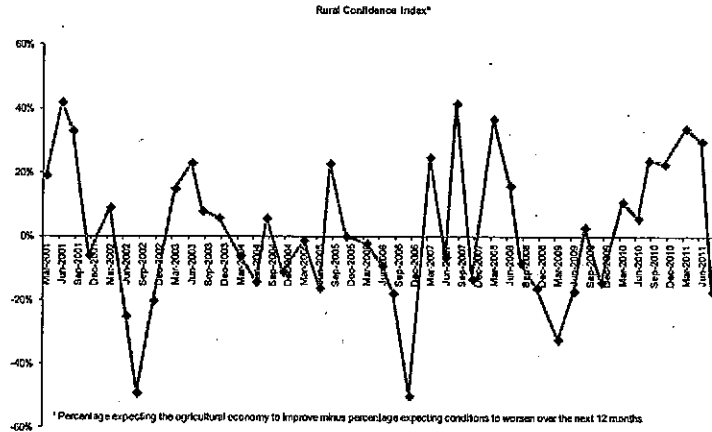
Mr Knoblanche said an expectation of favourable commodity prices and seasonal conditions had kept dairy producers positive. "Good seasonal conditions continue to assist a strong finish to the milk production year. Most processors have announced



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opening milk prices for southern producers with prices slightly above where they were at last year," he said.



The most robust study of its type in Australia, the Rabobank Rural Confidence Survey has been conducted since 2000 by an independent research organisation interviewing an average of 1200 farmers throughout the country each quarter. The next results are scheduled for release in December 2011.

<ends>

Rabobank Australia is a part of the international Rabobank Group, the world's leading specialist in food and agribusiness banking. Rabobank has more than 110 years' experience providing customised banking and finance solutions to businesses involved in all aspects of food and agribusiness. Rabobank is structured as a cooperative and operates in 48 countries, servicing the needs of approximately 10 million clients worldwide through a network of close to 1600 offices and branches. Rabobank Australia is one of the country's leading rural lenders and a significant provider of business and corporate banking and financial services to the Australian food and agribusiness sector. The bank has 61 branches throughout Australia.

To arrange an interview with Rabobank general manager Rural Australia Peter Knoblanche, or for more information on Rabobank's Rural Confidence Survey, please contact:

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