

**Submission  
No 732**

## **INQUIRY INTO COAL SEAM GAS**

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The Hon. Robert Brown MLC  
Chair  
General Purpose  
Standing Committee No. 5  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

### **INQUIRY INTO COAL SEAM GAS**

I would like to submit my recommendations to the inquiry into coal seam gas (CSG).

Recognising the inquiry is comprehensive in its terms of reference (ToR), I intend to make recommendations on only a few of the points in the ToR.

These views and recommendations are based on what I believe have manifested themselves to be the most predominant areas of concern, not an exhaustive list.

I would like the inquiry to note that, I am a Councillor on the Upper Hunter Shire Council however, I make this submission as a private citizen. My views may be different to that of the Upper Hunter Shire Council

Thank you for taking the time to hold such an inquiry and for receiving my submission.

Yours sincerely

**Michael Johnsen**

# Submission to NSW Coal Seam Gas Inquiry

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## Background

On the basis of the current State Government's policy<sup>1</sup> of obtaining full environmental, water and agricultural impact statements, prior to the granting of an exploration license, I would like to submit the following views, that may be recognised as potential 'gaps' in the processes of the eventual granting of a production license, to any company or individual, seeking to extract CSG.

I believe it is important to allow any new policy to demonstrate its value. Therefore, my submission is limited to those particular items mentioned. Additionally, with appropriate structural policy improvements, many of the issues covered in the ToR will follow on logically.

I strongly believe in balance and that by providing the appropriate legislative framework, our society can utilise natural resources for lifestyle benefits, as it has done for hundreds of years, whilst encouraging innovation in technology to improve both production and efficiency.

It's about our chosen lifestyle, both as an individual and as a community.

Humans being humans, our instinctive drive for improvement and a natural curiosity for invention or the 'need to see what's out there' will not go away and our governments need to facilitate this in a responsible way.

Thankfully, many of our forefathers had the 'exploration mentality'. Without that, many of the items and comforts (such as modern day food, clothing, housing and transport) that are now a normal part of life would not be present.

Additionally, probably the most important areas of innovation we hold dearly, health and education, have benefited from the natural curiosity of humans to explore the boundaries, physical or otherwise.

## Terms of Reference Items

### 1a. Effect on ground and surface water systems.

I live in an area where much is made of the need for reliable water supplies and the lack of understanding of underground water systems. Yet, I see many studies demonstrating 'negative impacts' of industries that may extract or use this water. This is despite having around 1,300 registered water bores, for extracting water for uses such as irrigation or stock and domestic purposes.

Assuming no-one can ever fully understand the detailed water networks and the interconnectivity of aquifers and the relationship with surface water, I believe we should be precautionary not dismissive.

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### ***Recommendation***

Before any further granting of any license, at any stage from prospecting to production;

- That baseline monitoring take place for a period of at least 3 years, 5 years if drought declared at any period during that time, of all relevant existing water bores and new test bores, within a radius recommended by a specialist hydrologist and peer reviewed by a relevant university based expert.

If current data, reaching back at least 5 years, is available, that should be collated, used and distributed for wider use, as mentioned next.

- This information should then be used as a database, readily accessible, to assist relevant government departments, future developers, local government and the agricultural industry, in building a wider understanding of water systems and connectivity, both surface and underground.

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### **2a. Legal rights of property owners and property values.**

There is significant angst amongst our community for the potential of explorers to simply 'ride rough shot' over the landowner and that the balance of power lay with the explorer, on behalf of the crown.

Perception or reality, this issue needs to be clarified to provide certainty for all parties.

### ***Recommendation***

That;

- The crown restore royalty rights to freehold landowners
- Any landowner going to mediation, be allowed legal representation at those hearings, as a matter of course
- Any compensatory agreement, require minimum standards of remuneration and remediation to the landowner, throughout the whole process from prospecting to completed production
- All adjoining landowners be notified in writing, of an application to explore (as happens with any development application as required under the Local Government Act)

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### **2e. Local Government including provision of local/regional infrastructure and local planning control mechanisms.**

It has become clear that, from initial seismic testing to full production, the required network of infrastructure is impacted upon and, that local councils are required to maintain additional works, with no cost recovery mechanism.

Given the lead time in getting to the point of production being many years, this can and does place an unfair burden on the ratepayers through additional costs or lost opportunities from funds being diverted away from normal community activities and requirements.

Additionally, no current controls for the local authority exist, in the current legislative framework. This situation not only takes away council's ability to meaningfully influence the outcomes of applications to explore and produce CSG, importantly, it only serves to create a feeling of disempowerment leading to disengagement then mistrust of not only the industry and its participants, but the regulator and the systems used by the state government.

### ***Recommendation***

That;

- Local government be given the right to charge a nominal contribution from the explorer, based on actual indexed costs per annum, times the expected time frame from prospecting to completed production. This would be payable at least annually, by the license holder at the time.
- Once production commences, a community infrastructure fund, administered by the local council, be contributed to by the license holder, at a rate to be negotiated with both the state and local government bodies, providing there is a minimum contribution rate set by the consent authority. This fund is only to be used for capital purposes and must be excluded from normal maintenance budgets, except where significant ongoing costs are associated with a particular capital project, originally funded under this scheme. Such as a community swimming pool. Even then, the fund is to be restricted to those projects.
- Explorers must be compelled to hold regular community forums, the first being prior to any work undertaken, in the immediate local area where possible and/or at the nearest local council administration centre
- A Community Consultative Committee (CCC) be setup by the exploration license holder, to provide a forum for discussion and information exchange. The CCC could well cover a range of petroleum exploration licenses across multiple local government areas, where practicable

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Finally, as an overarching principle, I believe a 'whole of government' approach should be consistent with ensuring that, first and foremost, the local community not only feel a part of the decision making process but, have the ability to provide meaningful input into the industry's activities, where any reasonable impact is expected. Of course, this will largely depend on not only the consent authority but importantly, the attitude of the actual license holder and its staff.

To ensure confidence can be restored in the systems used, the state should ensure;

- Monitoring and compliance be front and centre, either conducted by the local government authority, fully funded by the license holder. Or, by the consent authority at a regional level, again fully funded by the license holder, by way of a bundled fee arrangement, to ensure no bias can be accused or attributed to the actual fee paid by the license holder.

To assist the process of rebuilding community confidence, a proactive educational program that provides access to facts, with peer reviews completed, be implemented.

- I feel the best way to facilitate this is to use the services of a relevant university.

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### Reference

<sup>1</sup> NSW Liberal & Nationals Strategic Land Use Policy - March 2011 election platform - <http://nsw.nationals.org.au/about-the-nationals/policies.html>