

**Submission
No 275**

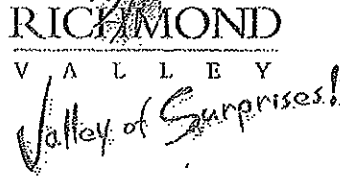
INQUIRY INTO COAL SEAM GAS

Organisation: Richmond Valley Council

Date received: 8/09/2011

Council's Reference:
ECM 672112 WH/AP

Telephone Enquiries to:
Wayne Halcrow



7 September 2011

The Director
General Purpose Standing Committee No 5
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Madam

Legislative Council Inquiry - Coal Seam Gas

Council wishes to make the following submission to the General Purpose Standing Committee No. 5 in relation to Coal Seam Gas.

Exploration of coal seam and conventional natural gas has been undertaken in the Richmond Valley Council area (population 23,000) for a considerable period of time and more intensely over the last five years. The main company granted exploration licences in the Richmond Valley Council area is Metgasco Pty. Ltd. and Council has had direct involvement with that firm over the last five years. From Council's perspective Metgasco has kept Council fully informed of the development of the industry and drilling of exploration wells in the area. The company from Council's perspective, has also had a good relationship with the community and landowners affected by drilling operations. There are currently 15 exploration wells in the Richmond Valley area and the company is also applying for production licences. Metgasco has also constructively attempted to inform the community of their activities.

In recognising this emerging industry and energy source and possible future demand, particularly for industrial uses, the projected population growth for the Council area and emerging approved industrial projects such as intermodal freight facilities, Council developed an Economic Development Strategy (2010-2015) to plan for the future growth in the area. This also incorporated a Significant Ventures Project Study which highlighted the economic opportunities for development of the conventional natural gas and coal seam gas industry in the Richmond Valley area.

This was also a method by Council to attempt to address the low socio economic conditions present in the area. The Richmond Valley has been recognised as being the fourth most disadvantaged local government area in the State following assessment of the Economic Index of Socio-Economic Advantage and Disadvantage (*Richmond Valley Council Significant Ventures Project Study 2009-Page 9*).

All correspondence should be addressed to:

**The General Manager,
RICHMOND VALLEY COUNCIL**

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The area has also been chosen by the Federal Government to participate in the Keep Australia Working Program through the Department of Education, Employment and Workplace Relations.

The Economic Development Strategy Strategic Objective #3 is to "*facilitate essential infrastructure that provides the Richmond Valley with a comparative advantage and investment opportunity*" (Page 21) and gas reticulation is the highest priority under the infrastructure objective of the Strategy.

This is further supported by the NSW Government State Plan (DSRD 2009) State Priority (Page 6) which also identifies the gas industry development and the need for industrial growth in the Casino area.

From an economic analysis point of view, the Richmond Valley has an industry specialisation in the Agriculture, Forestry and Fishing sector with a location quotient over 3.1 with the benchmark for single industry dependency being 1.0 (*Significant Ventures Project Study, Page 7.*) This indicates a weakness in the local economy and the need for industry diversification. The emerging coal seam and conventional natural gas industry is providing a "driver" for this to occur.

In this regard, copies of the Significant Ventures Project Strategy and the Economic Development Strategy are enclosed for the Committee's information.

In 2009, Council was approached by a Belgian based company through an agent in regard to consideration of a factory for production of insulation material with the main market being Asia, with access through the Port of Brisbane. Council was able to meet requirements for industrial land, workforce, infrastructure, power and water. However, the company was also interested in this region due to the emerging potential availability of coal seam and conventional natural gas and proximity to the Port of Brisbane. At this stage, Metgasco was still in the exploration stage but had discovered significant quantities of gas (298 petajoules in 2P gas reserves) (*Significant Ventures Project Study, Page 17.*) This is in close proximity to the town of Casino where the company was to be located and was to employ a workforce of approximately 300 persons. Due to the supply of gas not being able to be produced at this time, the company established itself in the Hunter area where natural gas was more readily available. This obviously presented a lost opportunity to Council's area and would have had a major economic and social benefit to the area should gas production and reticulation infrastructure been available.

Metgasco is now developing production and reticulation in Council's area, particularly the town of Casino. It is apparent that the industry may require regulation and Council supports this as does Metgasco, but it is also apparent that the conventional natural and coal seam gas energy source has a definite future as an efficient and lower carbon energy resource compared to other fossil fuels such as coal for electricity production and as an alternative energy source.

Council appreciates the opportunity to make this submission to the Legislative Council General Purpose Standing Committee No. 5 and further information can be obtained by contacting Council's Director Corporate Services, Wayne Halcrow

Council urges the Committee to consider the potential economic benefits of the gas industry as part of its deliberations.

Yours faithfully

Brian Wilkinson
General Manager

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