

**Submission
No 903**

INQUIRY INTO COAL SEAM GAS

Organisation: Richmond Dairies Pty Ltd

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The effects of climate change have the potential to severely impact the dairy industry. Increased temperatures and more frequent extreme weather events will influence the supply of milk, and consequently affect the ability of the company to manufacture its products.

Ideally, Richmond Dairies would like to see all of its energy generated from renewable sources. Unfortunately, that is unrealistic at present. In Richmond's opinion, the use of natural gas is not a conclusive solution, but it does provide an improvement until renewable technologies mature to the extent of being practical alternatives.

It is possible that coal seam gas becomes established as the most appropriate substitute for coal-fired electricity generation. It is also conceivable that given the size of the coal seam gas resources in Australia, and the potential national economic benefits, that this industry is developed at the expense of the development of renewable energy technologies. Richmond Dairies aspires to a sustainable existence, and appreciates these fears. Metgasco have themselves highlighted how natural gas can have an immediate effect on greenhouse gas emissions while working alongside renewable technologies. To substantiate this belief, Richmond believes that Metgasco should make a commitment to contributing a percentage of its revenue into the funding of renewable energy projects in New South Wales.

There is widespread public debate regarding the environmental impacts of the coal seam gas industry. Richmond Dairies supports debate regarding the subject, but believes that arguments should be based on fact, rather than hysteria. It is a straightforward fact that conventional and coal seam gas can reduce the company's greenhouse gas emissions.

Metgasco's gas reserve near the Casino Airport (Kingfisher) contains conventional natural gas. The extraction of natural gas from this type of source is well established and uses proven technology. There is no reason to delay the development of this asset. In fact, the gas from this site is currently being flared to atmosphere, wasting a valuable resource and adding unnecessary carbon dioxide emissions.

Richmond Dairies is concerned about the potential pollution of water systems. We support further research into the effects of coal seam gas extraction and development of a plan to ensure that gas extraction is sustainable with regard to water use. So far we have seen no evidence to suggest that correctly managed extraction of coal seam gas risks polluting or disrupting water resources.

Community Concerns

Richmond Dairies understands that the community has concerns regarding the coal seam gas industry in Northern NSW. In our opinion, these concerns can be easily resolved but will require a greater level of commitment from Metgasco than has so far been seen.

Issues such as access to land can be managed by making a fair and not insubstantial level of payment to the land owner. Inequality in the compensation for farmers can be addressed by a transparent system that clearly reflects the value a coal seam gas company places on a farm.

In addition to recognising the value of access onto the property of an individual landowner, Metgasco must also take account of the need to benefit the community within which they wish to operate. It is not adequate to claim that after twenty years, it will be as if Metgasco



never existed; there must be a lasting legacy. Commitment should be made to local infrastructure projects, to be nominated by local councils, such as improvements to sporting grounds, libraries and other public facilities.

Further, the development of a local gas supply brings with it the possibility of regeneration for the local economy. Rather than a rapid extraction aimed at export markets which is being proposed by Metgasco, a proportion of the reserve should be extracted more slowly and so provide a benefit to the region's economy for much longer than the twenty years which is currently envisaged.

Richmond Dairies' Belief

Richmond Dairies believes that Australia must move away from its current reliance on fossil-fuel-based energy. There are no renewable energy technologies that are ready to replace coal and petroleum as the major energy sources, but conventional and coal seam gas can provide an intermediate solution that is more environmentally sustainable than coal or petroleum.

More specifically, Richmond Dairies' manufacturing operations rely on LPG and electricity generated by coal-fired power stations. Gas sourced from local reserves represents a more environmentally friendly and economically viable alternative.

While there is some negative public opinion of coal seam gas, Richmond Dairies is yet to see any substantial justification as to why the development of this industry should not be progressed and the valuable resources utilised.

However, this progression should not be at any price. We believe that it is essential that proper account be taken of the needs of individual landowners and of local communities. Further, we feel strongly that a significant part of revenue from this resource be used to develop alternative and sustainable forms of energy generation.

