

**Submission
No 357**

INQUIRY INTO COAL SEAM GAS

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Submission to Coal Seam Gas Inquiry

NSW Legislative Council General Purpose Standing Committee No. 5
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Thank you for the opportunity to make a submission on the Government's Inquiry into coal seam gas.

The Association of Mining Related Councils (AMRC) represents Local Government Councils across NSW who have within their boundaries, mines, mineable deposits, mine related infrastructure, quarries, gas extraction, or are subject to impacts of mining from neighbouring areas. AMRC acknowledges the importance of the mining industry to the economic wellbeing of the State and the Nation's economy. However, mining, including gas exploration and development activities, does have an impact on the social, economic and physical environment of the regions and part of the Association's brief is to work with all levels of Government and the industry, to ensure any negative impacts will be limited and engender continuous environmental, social and economic improvements for those communities.

As the Government has experienced, there is an increasing consternation across NSW regarding coal seam gas exploration and activities, driven to some extent by a much broader campaign of misinformation and events overseas that bear little resemblance to current practice and legislation in NSW. This observation is not in any way intended to understate the very real community concern that exists in its own right, or as a consequence of incorrect or misleading media. It does highlight the necessity for early Government intervention to foster broader communication with the general public and the timely release of factual information, to achieve a better understanding of the technical processes involved and identification and management of any potential risks associated with these activities. The NSW Government is addressing a number of concerns with relevant stakeholders through its Strategic Land Use Working Group and Reference Group but as these represent special interests groups, it has limited capacity to resolve the concerns of the broader population.

AMRC reaffirms the comments made in its submission on the Coal and Gas Strategy Scoping Paper of the former Government, now included in the Government's development of Strategic Regional Land Use Plans. There has been a lack of communication between Government, industry and the community, resulting in significant mistrust and loss of faith in the adequacy of Government processes. For the State to develop its mineral resources in a sustainable way, it must understand the social impacts on the communities, in addition to considering environmental and economic aspects. The messages from AMRC's member councils covered by Petroleum Exploration Licences and Petroleum Production Leases are consistent and specific, stemming from what is considered inadequate consultation and lack of information to Local Government and its communities, emanating to health and environmental concerns, impact on water, lifestyle and local amenity.

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The environmental and health impact of CSG activities

Concerns relating to the impacts on human health are now widespread from the first announcement of exploration and will continue into the approvals phase and beyond if not adequately addressed. These include stress related illness, air quality and noise impacts. Such concerns should be thoroughly investigated and substantiated or refuted by scientific evidence to allow confidence in the Government's decision making processes on behalf of the people of NSW, who purportedly own the resources and ultimately receive the benefit.

Government banning of BTEX chemicals, even though they are not used by gas exploration companies in New South Wales is not helpful in gaining trust. Rather, it conveys the message that the Government as the decision maker, regulator and beneficiary is duplicitous. It would have been preferable to announce that BTEX chemicals occur naturally and it is possible that the levels in coal and groundwater could exceed ANZECC guidelines prior to fracking and therefore may pose a potential risk, during and after fracking. The Government obviously has extended its moratorium on fracking so it can gain a better knowledge of the facts. It should therefore be factual in the messages it conveys to the community.

Baseline data including water testing should be undertaken prior to fracking to determine natural levels of benzenes, sulphur, toluene and methane and other chemical properties present. Exploration companies utilise different methods to explore for gas and the geology and terrain can vary greatly. Comprehensive baseline data, monitoring and testing should be regulated as a standard. It is also suggested that any testing be carried out by a NATA certified laboratory to ensure transparency to the public.

AMRC suggests a preliminary assessment of air quality to be undertaken pre exploration to determine the overall air quality to reduce community concerns once the process of drilling and flaring is undertaken. Many communities do not understand the process of flaring and are concerned at the sight of flames and combustion elements. The establishment of the base dust levels help a community to assess long term changes.

Noise disturbance at the exploration and production phase may raise concern with some residents because of proximity to residential areas. The drilling process, fracking and operation of equipment and pumps may impact on local residents and communities. Closer scrutiny to noise emissions and times of operations in such areas need to be part of the exploration application stage.

Onus of scientific proof needs to occur to dispel concerns on connectivity with aquifers and potential water loss. Water security is a major issue in the rural regions and contributes significantly to strong opposition from the farming communities. This also introduces the conflict with land use and access agreements and raises the question of whose rights are being preserved. An impact assessment to identify the location of water bodies, aquifers and farm water requirements would alleviate the concerns of the community and allow the Government agencies to make a proper assessment of water security, potential impacts and environmental protection requirements. It is expected that the Government's agricultural impact assessments will address some of these points.

AMRC also recognises the need for an improved level of understanding within the general public on water resources. There is a very high degree of misunderstanding, particularly with gas exploration on connectivity/interaction between surface, alluvial, artesian and ground water. Most councils have staff with the expertise to research and understand information on gas exploration and production. The general public does not have that opportunity but is subject to media coverage and the internet which can distort facts and promote attention and unnecessary fear in the public realm, often without any sound basis.

Most people are environmentally aware in spite of differing views on the cause of global warming. Factual information on greenhouse gas emissions from coal seam gas, coal and other renewables would be of benefit to the community to reduce some of the myths and confusion.

The economic and social implications of CSG activities

Historically, petroleum developments were viewed by Governments and communities as a very valuable employment and income generation industry. This may still apply but both State and Local Government need to take a greater proactive role in the assessment of impacts and outcomes of exploration and petroleum activities. Particularly, in those communities who are faced with multiple exploration or mining projects occurring simultaneously, the cumulative impacts need to be determined along with proper assessment on their quality of life.

Gas exploration now poses a question of social equity. It is about land use conflicts, landholders' rights and impacts on property values and certainly justifies the need for proper social impact assessment and not merely a trade off for economic benefit to the Government or industry. The capacity of communities to continuously adapt to changing conditions is the foundation for their sustainability, as well as quality of life. AMRC strongly believes that social, economic and environmental aspects should all be considered for any proposed development, but not one at the expense of the others, other than for valid reasons, with appropriate trade-offs, following community consultation. Rather than a Review of Environmental Factors, a comprehensive Environmental Assessment should be undertaken upfront, at the beginning of any exploration stage, thereby revealing many of the concerns before they become major issues for all levels of Government, the industry and the community. Gas exploration can be perceived to be gas development, simply because the gas flow has to be established, to prove the resource.

Adequate Social Impact Assessments should include a social profile of the area, cover demographics, economic, health and well-being, environmental and institutional and how they interrelate. It would provide an understanding of local and regional settings which may be affected by a gas project, initiate a stakeholder engagement plan by scoping the elements of the social environment and the concerns and topics that matter as a consequence of the project. This analysis would provide insight into key social and cultural issues, population change and community and social relationships that are likely to occur as a direct or indirect result of a development project and indicate what strategies may be required for mitigation, management, monitoring and review. A Government decision to approve or reject could then be based on a true cost/benefit analysis.

The role of CSG in meeting the future energy needs of NSW

By the Government's own statements, CSG does have a role to play. Natural gas, which is CSG, is predicted to become the fastest growing major energy source for at least the next two decades, overtaking coal as a reliable, affordable and clean fuel. NSW does have significant gas reserves within the Clarence-Moreton, Gloucester, Gunnedah and Sydney basins. In theory, enough energy to meet the State's needs for centuries, which the Government would like to develop. As a consequence, exploration expenditure over the last two years has increased dramatically from approximately \$70 million in 2008/9 to currently \$160 million to establish NSW's own security of supply. Exploration has been occurring for a number of decades and with ongoing improvements in technology, NSW's first gas supply pilot plant near Camden was turned on back in 2001, supplying up to 6% of the NSW gas market. The Government continues to offer a five year moratorium on royalties to encourage petroleum discoveries, so as not be reliant on imported gas from Queensland and Victoria to meet future demand.

The interaction of the Act with other legislation and regulations

The Onshore Petroleum Act can be confusing and needs to be reviewed to remove any ambiguity and take into account proposed policy changes in the Mining Act, Water Management Act and the Environmental Planning and Assessment Act. 'Plain English' definitions of compensable loss, landholders' rights and access agreements would greatly benefit the community.

The impact similar industries have had in other jurisdictions

Gas exploration in NSW is dominated by AGL in the Sydney and Gloucester Basins and Santos/Eastern Star in the Gunnedah Basin with smaller operations near Casino and in the Illawarra. Other than adopting a consistent approach with Federal legislation, issues should not be compared to what is happening in other states where the geology and environmental rigour are not the same. Horror stories in other countries bears little reality to what is normal practise and legislative requirements in NSW. Other than a 'fear factor' to achieve a particular outcome, they contribute nothing to the debate.

Conclusion

Apart from improving communication, there is also a very clear need for a two way educative dialogue. The industry does what it is required to do, based on what the statutory regulations permit. It is not necessarily a case of inadequate legislation but a case of lack of understanding of all involved. The community see it as cursory, inadequate consultation from all parties and the Government making decisions that affect their lives and they have no say in it.

Recognising community engagement as an integral part of the Government process cannot, nor should it replace responsible decision making by elected, accountable public representatives. Community engagement should be to add value to assist in informed decisions. Our democratic system provides the authorisation to make decisions, linked with due process, which is ultimately tested against public opinion in elections.

AMRC is of the view that a broad-brush approach may provide uniformity and address some of the issues, but it will not address all specific interest groups and stakeholder concerns. Gas exploration, like mining, is site specific to each surrounding community, attributed with its own particular set of complexities and interests. It is important for the Government to recognise and understand the distinction between the regions and therefore assess each region on its merits. Any strategy or policy approach must take into account the diversity of those regions, their communities and local councils. One size does not fit all. The potential growth of the petroleum (and mining) industry is dependent on these factors.

For the Government to succeed in its endeavour, it does need to have a vigorous understanding of what is required and the challenges that it will bring, to restore people's faith in the Government and its processes on the responsible management of the State's mineral wealth. It must not only be accountable but be seen as such and transparent in its approach, with industry as a participant in the process and not the controller, which is a commonly voiced mindset. A strategic analysis of mineral resources and potential land use conflicts and competing interests should be a priority to decide future sustainable development for NSW, certainty for all concerned. Any proposed State strategic development plan should identify and include benefits for the community and to add capacity to the region. In some areas, agricultural land and other industries, areas of scenic and environmental protection may necessitate the prohibition of mining and gas activities. The Government has to make that call and set the direction to achieve the balance and stop the extremities of a sweeping pendulum.

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