

REPORT OF PROCEEDINGS BEFORE

GENERAL PURPOSE STANDING COMMITTEE No. 5

INQUIRY INTO COAL SEAM GAS

CORRECTED PROOF

At Taree on Monday 31 October 2011

The Committee met at 11.20 a.m.

PRESENT

The Hon. R. L. Brown (Chair)

The Hon. J. Buckingham
The Hon. R. H. Colless
The Hon. G. J. Donnelly
The Hon. J. A. Gardiner
The Hon. S. MacDonald
The Hon. Dr P. R. Phelps
The Hon. P. T. Primrose

CHAIR: Welcome to the second hearing of the General Purpose Standing Committee No. 5 inquiry into coal seam gas, which is examining the environmental, economic and social impacts of coal seam gas activities in New South Wales. Before commencing, I acknowledge the Biripi people, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Biripi nation and I extend that respect to other Aboriginals present. Today's hearing will begin with evidence from several local councils. Other witnesses to give evidence will include the NSW Farmers Associations Dairy Committee, MidCoast Water, Barrington-Gloucester-Stroud Preservation Alliance and Manning Alliance, as well as local residents and farmers. Earlier this morning the Committee informally met with representatives of six local community groups. Public hearings will also be held at Narrabri, Bowral and Parliament House, Sydney. The details of those hearings are on the Committee's website.

Before commencing, I acknowledge Mr Stephen Bromhead, member for Myall Lakes, who is seated in the public gallery. I will now make some brief comments about the procedures for today's hearing. Copies of the Committee's broadcasting guidelines are available from Committee staff. Under these guidelines members of the media may film or record Committee members and witnesses. People in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they may make to the media or to others after they complete giving evidence. Those comments would not be protected by parliamentary privilege if another person decided to take action for defamation.

Committee hearings are not intended to provide a forum for people to make adverse reflections upon others. The protection afforded to witnesses under parliamentary privilege should not be abused during these hearings. I therefore request witnesses to focus on the issues raised by the terms of reference of this inquiry. Committee members are aware that people hold strong views about coal seam gas development. There is a great deal of interest in the issues being examined by this Committee; shown by the 1,000-plus submissions so far received. The primary purpose of this hearing is to give individual witnesses an opportunity to give their evidence before the Committee. Although this is a public hearing, it is not an open forum for comment from the floor. The idea is to give the witnesses the best opportunity to have their say and for them to be heard in silence. Only questions from the Committee and the evidence of witnesses are recorded in the transcript. Audience interruptions are not recorded and may make it more difficult for witnesses to fully express their views. Witnesses are advised that any documents they wish to table should be provided to Committee members through the secretariat. A full transcript of what is said at today's hearing will be prepared by Hansard and will be available on the Committee's website in the next few days. I ask everyone to turn their mobile phones off.

LISA JANE SHIFF, Director, Planning and Environmental Services, Great Lakes Council,

GERARD TUCKERMAN, Manger Natural Systems, Great Lakes Council,

GERARD MICHAEL JOSE, General Manager, Greater Taree City Council,

JOHN ROSENBAUM, Deputy Mayor, Gloucester Shire Council, and landholder, and

NOREEN JUNE GERMON, Councillor, Gloucester Shire Council, and Gloucester Shire Council representative, AGL Resources Community Consultative Committee, sworn and examined:

CHAIR: Each council representative may make an opening statement before proceeding to questions. Mr Rosenbaum, do you wish to make an opening statement?

Mr ROSENBAUM: My first comments are taken from Gloucester Shire Council's submission to this inquiry, which reads:

Council's submission is based on the terms of reference within Point 1: the environmental and health impacts of coal seam gas activity, Point 2: the economic and social implications of coals seam gas activities and Point 4: the interaction of the Act with other legislation and regulations, including the Land Acquisition (Just Terms Compensation) Act 1991.

...

Council has formulated a policy in relation to the exploration and extension of mining and petroleum activities in the Gloucester Valley. This policy States:

Council recognises the economic benefits and responsible environmental management of past and current mining operations within the Shire, however, despite economic benefits, any extension and new mining proposals will not be supported;

- . unless stringent environmental and social expectations are met
- . unless extensive community consultation has taken place
- . if the aesthetics of the Shire are comprised in any way
- . if the proposal is located in a State Conservation Area

That resolution was passed on 21 May 2008. I continue:

Council has also made a submission to the Federal Minister for Sustainability, Environment, Water, Population and Communities, The Hon Tony Burke MP;

Requesting that he not approve AGL's first stage concept, until, according to the Australian Government's National Water Commission's position paper (December 2010), the risk of significant long term and adverse impacts on adjacent surface and ground water systems are understood and are adequately managed and regulated.

That resolution was passed on 16 March 2011. I have that policy document from the water commission if someone would like to that on board.

CHAIR: Would you like to table that document?

Mr ROSENBAUM: Yes. I will find it.

CHAIR: Was it included in your submission?

Mr ROSENBAUM: Yes, it was part of the submission.

CHAIR: The Committee will have it. Mr Jose, do you wish to make an opening statement?

Mr JOSE: The issue of coal seam gas activity has been before the Greater Taree City Council since February this year, and it has been discussed a number of times at both council and committee meetings. I also have a couple of extracts from recent council ordinary meetings that I will table. I read from the Manning Valley Community Plan—our 20-year future planning document—which captures some of the issues and hopes:

Our hope for the future.

We believe in the future of the Manning Valley

And we are committed to working together
To create a regional centre that is prosperous and sustainable
To nurture a community that is caring, healthy and vibrant
And to preserve this beautiful, rare and especial place for generations that follow

In essence, the Greater Taree City Council, at a meeting held on 21 September in response to a mayoral minute, reinforced its in principle opposition to coal seam gas mining until suitable policy, procedures and safeguards are adopted to protect the environment of this beautiful area.

Mr TUCKERMAN: You have our submission but I would like to draw out a couple of key points. The thing that sets the Great Lakes apart from many other areas is the strong link between the health of our waterways and environment and the local economy through the tourism industry, which is worth \$140 million a year, the oyster industry and commercial estuarine fishing. Great Lakes Council, together with the State Government and the Federal Government, has invested significantly in collecting a large body of scientific information on the health of our lakes and catchments. These catchments are constrained and are susceptible to catchment development activities. This investment of \$2.3 million provides a large body of science by which Great Lakes Council and government departments can manage the long-term sustainability of the lakes. It is Great Lakes Council's position that the unacceptable uncertainty that is involved with coal seam gas at the moment and the large body of science that we have means that the science needs to be applied to the industry to make sure that the same standards that we apply to land development industries within our catchment are applied to the cumulative impacts of projects and individual projects. The sensitivity of the Great Lakes environment calls for the rigorous application of a precautionary approach and full independent assessment of any proposals.

Ms SCHIFF: My comment is around the issue of community engagement in the process as we proceed further down the path. We recognise that council has limited or no regulatory responsibility in relation to the assessment process in coal seam gas development, but we are the custodians of the local area and many of the concerns raised overlap into considerations of council's strategic plan. We as a council would like to see a balanced and objective consideration of the issues. It is clear to date that the community and stakeholder engagement processes around coal seam gas issues fall well short of accepted standards. We would like to see a more meaningful and transparent engagement process as we go along the path. The conventional approach of defending the decisions that are made on a large scale, particularly in relation to the cumulative development of coal seam gas and mining concerns, will not resolve the deep and evident community concern around this issue.

We would like to see a local and strategic approach to coal seam gas where an exchange of information can take place and independent scientific experts are made accessible to the community and stakeholders. We would like to see the State Government and industry approach the engagement process by moving beyond managing the engagement as a compliance activity and genuinely involve people, and by doing this we can help to build some trust in the process. It would be our recommendation that as part of the review of the regulatory framework for coal seam gas, best practice engagement processes be required for all new coal seam gas developments so that the decision-making has the confidence of the community. The engagement should be fully funded by the industry but managed and undertaken independently to remove any allegation or inference of bias and also to ensure that a conventional public relations exercise is avoided in the future. Only by building trust in the process can we also have trust in the outcome. Our council is very keen to see a very robust community engagement process that is independent and is based on science. We would like to see that information genuinely and openly shared between the stakeholders.

The Hon. GREG DONNELLY: On the issue of scientific experts, there is no doubt people are debating the science associated with coal seam gas exploration and production. Have you given particular thought as to what could be the process or the structure of conducting independent scientific research that would have the confidence of the community? How might we go about that?

Mr TUCKERMAN: As I said, at Great Lakes we have a large body of scientific information collected through Commonwealth and State-funded projects. We know a lot about the functioning of our catchment and our lake and to fit with that any proposal needs to utilise existing models for the catchment and the lake and be able to validate, not just to the council but to the community, that our water quality objective, which is the neutral beneficial effect of no net change, is applied. To have confidence in that, if the industry is going to collect the information, which is typically what happens, there needs to be opportunity for an independent peer review. There is always suspicion associated with development proponents collecting information without scrutiny from independent experts. The problem at the moment from a local government perspective is that we do not have a body of technical knowledge to be able to assess a coal seam gas proposal. As you can appreciate,

there is very little experience in dealing with coal seam gas developments and a lack of technical knowledge, and that puts us at a disadvantage in fully scrutinising any scientific information that is delivered to us by the coal seam gas industry. We are suggesting the industry should fund a peer review, which would then be communicated to all stakeholders, including local communities, industries—in our case we would like our oyster industry and tourism industry to be involved—and the local council. Then we should have the opportunity to ask questions of the peer reviewers.

The Hon. JEREMY BUCKINGHAM: You may be aware that the Government is developing a strategic regional land use plan to regulate mining and coal seam gas in New South Wales and those plans are rolling out initially in the Upper Hunter, New England, North West, Central West and the Southern Highlands. They do not capture this region yet. I am sure that ultimately they will. I am interested to know whether you believe there should be a moratorium on any further activity in these industries until such time as either those plans have been developed for this industry or, as Mr Tuckerman was saying, the peer review science that looks at the whole impact of this industry has been done.

Mr JOSE: I believe there should be a moratorium, as Gerry Tuckerman was indicating, until there is suitable scientific evidence that has been peer reviewed and that results in policy directions that can guide and direct all parties and everyone is clear on the steps that would be involved in any approval under a land use planning scheme. We believe this is required to protect all our industries—tourism, farming, agricultural development—as well as also ensuring that future generations can continue to enjoy access to our water.

Ms GERMON: I also believe there should be a moratorium until the land use strategies have been put in place. It is really important, particularly in our area, for the farming community to know where they are going and what their future is. They will not know that until a land use strategy is actually in place.

Mr TUCKERMAN: There is a lot at stake; there is considerable investment in the science and also in the industries and the environment. We do not want to lose that for the sake of rushing it. The council fully supports the concept of the New South Wales Coal and Gas Strategy. It is a good idea, but we also suggest that the Great Lakes and perhaps the Gloucester region should be considered separately from the Hunter. If we are lumped together as one the local sensitivities of our pretty constrained catchments and estuaries will be overlooked. Compared to the Hunter, the Great Lakes economy is fairly small. I think there is a need to differentiate the Great Lakes and Gloucester basins from the Hunter. And I suppose, by definition, when you rigorously apply the precautionary approach, you cannot help but conclude that we need a strategy before you embark on anything. So I guess that means a moratorium.

Ms SCHIFF: I would like to follow on from those comments by saying that we commend the State Government for undertaking the land use assessment framework work that is presently being done because the assessment and approval processes are very complicated and the legislation at a Commonwealth, State and local level are not very well integrated. So it is extremely difficult to actually work your way through the legislative process and then, when you start to apply catchment of water planning arrangements and local catchment arrangements and land use and water quality strategies and improvements, the mix becomes even more complicated. So I fully advocate that we do not progress ahead of the preparation of proper strategic planning documents that take into account the whole of the legislative framework. As Mr Tuckerman said, we would ask to be considered separately from the Hunter because we believe that our issues in relation to the Myall catchment and particularly the Ramsar wetlands for the Myall Lakes, are very different from the issues that would be addressed in, for instance, the Upper Hunter land use framework.

Mr ROSENBAUM: I agree with all the comments that have been made. I agree that we should look differently at this area, especially the Stroud-Gloucester basin right through to the Manning Valley here. This is based on the geological information I have taken on board and it talks about the different folds and fractures in the coal seam within our basin, as compared to the Hunter Valley where there is a caked layer, unlike the area we are in.

It is disturbing when you read the information that is out there from people in their field who talk about the complexity of the valley and I think it has been disregarded in any decisions that have been made. We are in a very awkward position at the moment. As you are aware, the concept plan that has been approved for AGL in the valley, it is more or less a go-ahead and it has come up with something like 64 other conditions placed on them, but I think there is going to be a huge concern about the aquifers within the Gloucester Valley especially. There have already been two episodes that I am aware of and I am sure it has been reported to the proper authorities, two blow-outs on two existing wells that were done previously from interacting through the different

aquifers. It is so complex and it certainly needs greater consideration. I would like to think that is going to be taken on board before AGL is able to continue. Because where it starts—and it is going to start in the Gloucester Valley—and it gets up and running, I am sorry, I would have to expect that it would just grow and grow like a whip. I think it is so important, before AGL continues along the lines of giving further approval, that we have a peer review of what is being spoken about and further extensive scientific proof to say that there is not going to be any environmental impacts in relation to it.

And as far as the community is concerned, we did a survey and the community overwhelmingly stated that it would prefer not to have any extension mining through the Gloucester Valley, for several reasons on which other people will speak today. I believe that people in the community have a right to express and put their points of view across to the Government which we elect and which should be sitting up and taking notice. I am happy to table this today, I have a statement from the Premier, and Minister for Western Sydney which was sent to a resident and given to me. I will not read it all:

These exploration licences, and in particular one of them, is in my view too close to the urban area of Gloucester and is in my view an unsuitable area for coal mining. It is my understanding that the Planning process, if and when a development application is lodged, will need to consider this and other environmental aspects in any determination.

I am aware and am in frequent consultation with the local MP, George Souris, who I know shares these views and have advocated them in the New South Wales Parliament.

It goes on indicating that this will be the case. I would like to hope that is going to be taken on board. I table that.

Leave granted.

Document tabled.

I would also like to make a comment in relation to health issues. I believe this was also sent to the inquiry into coal seam gas, submission No. 17 by Dr Wayne Somerville and Mrs Susan Somerville, received on 23 August 2011. It talks about the major health issues revolving around coal seam gas and we will talk about mining because the cumulative effect is the same. It is rather concerning to read what is written here and I can assure you, if you would like to talk to people in the Gloucester Valley, they will concur with his professional opinion on what is happening to the people health-wise and I believe that that is being neglected totally in what is happening to the people where these activities are taking place. I table that as well.

Leave granted.

Document tabled.

CHAIR: I ask the witnesses, you have your backs to the audience and sometimes they cannot tell who is speaking. If you can state your name before you answer a question. We will move around the table. Before we do, the Chair will take a question. I will direct this question to any of you who wish to answer. In these types of inquiries that relate to very complex issues, whether they be mining or in this case an extremely complex issue, we quite often receive the comment from witness submissions and from audience comment that it is an almost impossible process for ordinary people in the community trying to understand and respond to extensive Environmental Impact Statements. Given that whatever process happens, local government to some extent will have an ongoing role in assessing and submitting to some of these things. Would any of you like to put forward some suggestions to the committee as to how you think either the State Government or local Government could better provide for local individuals or advocacy groups being able to access technical expertise in order to be able to properly assess those large environmental impact statements. Do you think it is something that, provided funding was available, local government could provide or do you think that the State Government should be providing something like an independent advisory panel or an expert panel to advise them? How would you handle it?

Mr JOSE: I think my personal view would be that the State Government provides the level of resources to interpret the scientific peer-reviewed information and, as Miss Schiff said, that would then enable genuine community understanding and engagement around the issues. Local government, under its charter, has a responsibility to properly manage, enhance and preserve its area and ensure that it promotes the principles of ecologically sustainable development. I think we are confronted with a lack of capacity to provide expert

guidance to our community as well as our council to undertake this exercise. We need to access the resources in a way that can guide that but more importantly, for the community to be able to access it.

Mr TUCKERMAN: I make the point that—it is in our submission as well—we have to move away from our regulation-style consultation by industry on these pretty sensitive issues, to a more meaningful forum with more of an engagement process where people have the opportunity to hear from proponents but also independent peer reviewers and ask questions. Those sorts of interactive forums will give more credence to the science and the science is what can help resolve these issues and provide some good communication, good confidence to the community. At the moment unfortunately the process, being a sort of claim-and-defend type of arrangement, has undermined public trust in the process to do with these highly sensitive projects.

CHAIR: Would you suggest that that take place before the assessment process?

Mr TUCKERMAN: Yes indeed, the earlier you can do it the better. Once it is let go, then unfortunately the science is lost in an environment of fear. So yes, it should take place early on.

Ms SCHIFF: I think that, in answer to your question about should the State Government be having input into assisting people to be able to deal with the large volumes of very complex information or should it happen at a local government level, I think that it should be something that the State Government funds. I would commend the State Government to an association called the International Association of Public Participation. The issues around how to engage people over these last few years have become, I do not want to say "complex", but a lot of work has gone into the best way to engage people at different levels. Some people will relish receiving a copy of an environmental impact statement in the mail; other people need to see things visually; some people may just need a series of facts sheets; and some people may just need to sit around and be able to talk to people, in a non-threatening environment, to be able to tease their issues out. The issues that are addressed in the environmental impact statement will not necessarily just be those that relate to science, they will be related to social and economic impact and those sorts of issues.

So I would encourage the State Government to adopt an integrated approach towards their community engagement, engage professionals and to get out there well before the assessment process and start engaging with people, start building trust and make people comfortable to ask the "stupid" questions that people do not always feel comfortable in asking. In doing that, you will build the capacity of people to understand the information presented, and so you will get a more meaningful discussion. Instead of getting people just saying "no", they will have an idea about the sorts of things they are commenting on because they will have a greater understanding and I think there is a lot to be gained from that.

Ms GERMON: I agree with the other speakers. I believe that the State Government needs to provide funds to service this and also an expert panel. But I still believe that there will be a percentage of people out there that will feel alienated from the process and no matter what we do, will have difficulties involved in the process. How we are going to overcome that, I do not know.

Mr ROSENBAUM: I agree with what everybody has said. The reality is that people do not want to live around these areas, so the sooner the strategic land use plan is put in place, so that people can be aware of where these activities are not going to take place, they will feel a lot more comfortable. Nobody that I know would want to live alongside a gas well—that is the reality of it. It will not matter how much information or how much money you want to throw at it, you have to be prepared to put areas aside where this is not to take place. We can say it is for the good of the State; I am afraid it is not for the good of the State, it is for the good of overseas companies.

The Hon. RICK COLLESS: Mr Tuckerman, you stated in your submission that the Great Lakes Council is supportive of the development of the NSW Coal and Gas Strategy to provide a strategic framework for determining the constraints and opportunities for coal seam gas exploration and development. Will you give us some idea of what factors should be taken into account in developing that strategic framework?

Mr TUCKERMAN: Probably the first thing you would do is to make an initial assessment of the capability of some of the areas. There are some areas, which are pretty obvious to the community and to technical people, that the capability is not there for coal seam gas—the sensitivities are perhaps too great—places like the Myall Lakes catchment, which is a Ramsar listed wetland. There might be drinking water supply catchments where an initial sieve of capabilities might exclude, in all probability, if you are taking a precautionary approach, those areas. Initially, let us look at the areas where we should be exploring. At the

moment there is no development in the Great Lakes; it is the exploration of leases that are in place. Some of that fear and concern in the community might be taken away if we excluded those really sensitive areas. Perhaps it would be a good start if we excluded those areas that the community values very strongly and that already have strong regulatory frameworks to protect them.

The next step as part of the strategy—and members of the panel have talked about that already—is to engage with the stakeholders: the community, other industries and government, to try and flush out which areas may well be more closely looked at; those areas where there is no other competing land-use issues. We are getting to the hard point where there are a lot more people in New South Wales, we have a lot of other industries and there are other values and other long-term benefits for other industries. We have to make sure that we are looking after the whole range of industries and our local economies. If we can do that sieve, then you can get to the more technical issues about how you dispose of waste water and those sorts of technical issues.

The Hon. RICK COLLESS: This issue of engagement with stakeholders has been brought up in a lot of the submissions to the Committee and by other witnesses we have interviewed. So far in the Great Lakes Shire what level of engagement has AGL participated in?

Mr TUCKERMAN: AGL is not present in the Great Lakes. There is a company called Pangaea Resources. AGL is in the Gloucester Basin.

The Hon. RICK COLLESS: So far in the Great Lakes Shire what level of engagement has Pangaea Resources participated in?

Ms SCHIFF: We have not had any level of engagement with that company at all; save for a phone call that I made to them last week saying we had not heard anything from them. We were given a leaflet across our front counter some months ago saying that exploration would be undertaken by seismic survey within road reserves. Other than that, we have heard nothing from them. I called them last Friday and said, "We have heard nothing from you. There is a high level of anxiety not only amongst our councillors but also amongst our community. Why haven't we heard anything from you?" They said, "Well, it is very early days."

The Hon. RICK COLLESS: Do you know if they have been negotiating or engaging with individual landowners at all?

Ms SCHIFF: I do not know personally but I have heard on the grapevine, so to speak, that negotiations have been under way. From a formal council point of view I am not aware that negotiations are taking place.

CHAIR: Do the Gloucester representatives want to comment on that?

Ms GERMON: Yes. From our point of view AGL is getting in contact with all the landowners in the area, particularly when they are doing seismic testing. They are also contacting them if they are looking at putting wellheads on their properties. So they are contacting them. They also have quite regular contact with council as well.

Mr ROSENBAUM: Before the exploration phase—the exploration stage should be discussed before they even enter onto anybody's property. People should be aware, and that has never taken place. I raised the issue eight or nine years ago. The exploration phase is a bloody joke. They come and they do more than explore. They say to you, "But we are only exploring." You only explore for one reason. The legislation needs to be tightened up. The exploration phase needs to be shortened. It takes too long and people are suffering under the length of time. Different organisations buy these exploration licences, they sit on them for awhile, they play around and then they sell them off to somebody else. That area needs to be looked at.

The Hon. Dr PETER PHELPS: Mr Rosenbaum, I understand from your earlier testimony that you are personally affected as a landowner. Is that correct?

Mr ROSENBAUM: That is correct.

The Hon. Dr PETER PHELPS: Will you tell the Committee—not so much with your councillor hat on but with your landowner hat on—what is being planned, as far as you are aware, for the coverage of your property and any interaction you might have had with the companies in relation to this?

Mr ROSENBAUM: That could take a long time.

The Hon. Dr PETER PHELPS: Briefly.

Mr ROSENBAUM: I will be as brief as I can. I will start from the beginning. As I said, different organisations seem to sell-on once they look for a resource. Lucas Energy was involved first of all. They approached us. They came along and explained in brief form what was going to happen. The brief form was to say, "We would like to explore to see if there is gas on your property." There is no mention of any infrastructure. There is no mention of fracking. There is no mention of how many vehicles are likely to be on your place. You get over that stage. Then they come along and get to the stage of wanting to run seismic tests. Yes, they come along and they say, "Yes, we would like to get access." They come along to the farmers or to anyone who has property and say, "We are going to do all these seismic tests." Then 30 vehicles and 20 or 30 blokes every day are all over your farm. "We will give you \$1,000." It is a bloody joke. They treat you like idiots. They think they can give us tuppence. Really, at the end of the day the person who owns the land has very little to say. He or she is treated as if, "We have the right." I pay the rates. I paid for the land in the first place. It is my property, surely I have some rights.

Then you allow them on to your place. You enter into an agreement with them. So most farming people you will find will accept a contract and say, "As long as you come and see me it will be right." Once you sign that contract they come in and do what they like. They do not come back. You ask if they will come back and see you. They never report on a day-to-day basis as to what is going on. Once the contract is signed there does not seem to be anybody policing the contractors. That is a real fear. It is a real issue that the contractors can do what they like. "I will be here in a week." Then the next morning they are on your doorstep. They treat you as if it is their property and they say, "We are invited guests." They are not invited. It is not a good experience. People who are not involved with it do not understand what really happens. It is just a continuous nightmare.

Then, as an owner of this place, everything is shutdown and the whole place becomes stifled. We talk about compensation. Compensation will never compensate for what these people have or what I have. There is not enough compensation. They offer you peanuts and eventually you have to come to an agreement. At the very beginning they offer you very little and it is very disturbing. Some farmers do not bother trying to become involved with any solicitors, lawyers or to seek legal opinion. They say, "We will accept that." But an amount of \$1,000 to do a seismic test—a fortnight ago I sat in and had a look at the graphs from the seismic tests in the Gloucester Basin. You should ask AGL what the seismic tests look like, about the faults in the Gloucester Basin and how they are going to try to drill wellheads up to a kilometre or maybe 1.5 kilometres down through that.

When you look at that, you ask yourself how many they are going to put on your property. They do not know. Maybe two or maybe three, it will depend on whether the goal posts change—where they are allowed to put them and where they are not allowed to put them. The uncertainty in all of this is a nightmare. It goes on and on. This could go on for another five years before I know exactly what my position is going to be. We have to live with this on a day-to-day basis, and there is no compensation whatsoever for the people who live alongside it. I am not happy. The early stage of the exploration phase is too great and with very little input from anybody else. The exploration phase in all extracting industries is the one that I would really concentrate on.

The Hon. SCOT MacDONALD: Ms GERMON, you are on the AGL Resources Community Consultative Committee?

Ms GERMON: I am.

The Hon. SCOT MacDONALD: What are the deficiencies there? We have heard a lot of discussion about independent—

Ms GERMON: Consultation.

The Hon. SCOT MacDONALD: Lack of. So they are talking at you?

Ms GERMON: No, I think consultation and disseminating information to the general public is one of the main issues. I have only just come on the committee. Just going back through the minutes you can see they have been given the heave-ho to get something done, particularly to put into place a means of letting the community know what is going on. It might take two or three meetings before anything actually happens. I think it worries people that the process is so slow. That is basically it.

The Hon. SCOT MacDONALD: Mr Tuckerman, in your submission you talk about Ramsar. You are aware with Ramsar that if it is an invoke control action then the Federal Government would step in pretty quickly under the Environment Protection and Biodiversity Conservation Act and it would be taken out of the State Government's hands. Does that give you comfort or does that worry you more?

Mr TUCKERMAN: Yes, we are aware that that is an Environment Protection and Biodiversity Conservation Act matter. I would suggest that both the State and Commonwealth governments should be working together on those sorts of issues. It should not necessarily be left to the Environment Protection and Biodiversity Conservation Act. It is also a national park and we know a lot about the function of Myall Lakes. Those sorts of issues should be picked up in the NSW Coal and Gas Strategy, the land use strategy, so you may not ever get to the Environment Protection and Biodiversity Conservation Act. I think both levels of government should be working together to address those sorts of issues.

The Hon. SCOT MacDONALD: Mr Rosenbaum, you mentioned that you have written to Tony Burke. Has he replied to you about the groundwater issue?

Mr ROSENBAUM: I have not got the documentation on me but he would have replied and acknowledged the letter. That would have been it. It would have been a printed acknowledgement. I would like to make a comment in relation to the consultative committee. They only give as much information as they want to. No more. It would not matter how many consultative committee meetings you had.

The Hon. SCOT MacDONALD: Are you saying it is a one-way street?

Mr ROSENBAUM: Any person who runs a business is only going to tell you as much as they want to. That is the reality of it.

The Hon. SCOT MacDONALD: That comes back to the idea of having it independently run.

Mr ROSENBAUM: That is true, but I still believe it is a matter of being sure that it is going to happen before they get to this stage.

The Hon. SCOT MacDONALD: My next question relates to all three councils, Gloucester, Taree and Great Lakes. Do you have any idea how many wells have been sunk in your respective councils and shires for drinking water, stock water and agricultural use—just a rough figure?

Mr ROSENBAUM: There are very few in the Gloucester Basin at this time. If you were lucky you might find 20. As I said before, it is the way the geology of the basin forms and the interaction as it is being affected. We will not know how those wells are going to be affected. There might be people in this room who can explain to me and others why it is that if you extract water from a system, whether it is a bucketful every week or 10,000 litres, it keeps filling up. Water must be getting in somewhere. I have asked that question many times: where is the water coming from? If you lower a water table and you have to keep it lowered so that the gas comes out, why do you have to keep lowering it? Once you get to a level it should remain there. If you do not keep lowering it the gas will not come out. It seems pretty simple to me. Surely someone should be able to tell me why the water keeps filling up. In 10 years time some poor property owner may find out their property is starting to dry out because we have not had enough rain and it is leaching from way out there. It has to come from somewhere. I do not have the qualifications to give you the answers but I would certainly like someone to tell me.

CHAIR: Before we continue I acknowledge my colleague the Hon. Jenny Gardiner who will be sitting in as a participating member. Ms Schiff, do you wish to make a comment in relation to the last question?

Ms SCHIFF: Yes. The question was whether the provisions of the Environment Protection and Biodiversity Conservation Act gave Great Lakes Council a degree of comfort in terms of the potential impacts of any future or proposed coal seam gas mining activity. My concern is, as I said before, that the legislative framework is so complicated, particularly spanning different levels of government. Sections 16 and 17B of that Act refer to the requirement that approval be given where an activity will have a significant impact on the ecological character of a declared Ramsar Convention wetland, but who determines what the significant impact is? There is always an opportunity where there is no independent peer review of scientific information for that

issue not to be sufficiently well addressed to give a balanced result. That is the plainest way I can say that. There is a danger.

The Hon. SCOT MacDONALD: Can I put on notice my question about the number of existing wells?

CHAIR: Yes, the councils may be able to provide the Committee with that information.

Mr JOSE: I could not provide that answer. MidCoast Water might be in a better position to do so.

Mr TUCKERMAN: MidCoast Water is appearing before the Committee this afternoon and they will talk about the Tea Gardens aquifer and the other aquifer. Most of the agricultural water is surface flow.

The Hon. PETER PRIMROSE: In your initial presentation, Councillor Rosenbaum, you cited instances of two blowouts of wells, as you expressed it, leading to aquifers being affected. Did they occur in your patch?

Mr ROSENBAUM: No, they occurred in a neighbouring property. Did I use the word "cited"? I said I know of them. I believe they were reported to the Environment Protection Authority. This would have happened in the early stages of Lucas Energy exploring there. It was documented through council's papers that there was interference with the water aquifer when they were drilling on Ellis's property and that they should be reported. I know they have been. What concerns me is that much drilling has been done in the Gloucester Basin for 30 years or maybe longer. There are always holes that have been drilled and not plugged properly. They are supposed to identify where they are. I do not think they know whether they exist or where they exist. Where the blowouts took place they were drawing gas from wells that were, say, 800 metres apart. Fracking takes only about 500 metres around the well. I believe that in drilling for gas they go down to a kilometre or even further. When you explore for coal it could be only 100 metres or 120 metres, yet I am told there is no interaction. If one hole goes down only 150 metres and another goes down a kilometre and they start extracting gas and there is a blowout in an experimental hole, why does that occur? Why is it blowing out at that level? The information they give us is that the layer of sandstone seals off the rest of the aquifers. When they were extracting the gas it blew the core out of the ground in the old coal seam gas wells. It might have come up about a metre out of the ground from, say, 150 metres down. Those wells would not have gone down a kilometre. I am sure of that. Does what I am saying make sense?

The Hon. PETER PRIMROSE: That makes sense and I am sure we will follow that up. How do you respond to the suggestion that the coal seam gas industry will bring jobs and prosperity to your area?

[Interruption]

Mr ROSENBAUM: I think the audience has answered that question. At the very early stage there is no doubt there is short-term benefit. I will not deny that there has to be short-term benefit because workers are coming in all the time. It is transitional work. These transitional workers are only there for a short time. It might take five years. After five years the coal seam gas industry may employ 15 or 30 people. There will be a lot of people who create a lot of wealth in the community who will move away from Gloucester so it does not balance out. Tourism will suffer and the retirees who come here and bring a lot of wealth to the area and contribute enormously to community life like ours will suffer. Nobody wants to live alongside a gas well. The employment is only short term. In the future it will do far greater harm to the Gloucester Basin and that will outweigh the short-term gains. I am told the gas wells last for 10 to 15 years. Manning Valley should beware because each time one well dries up another one will have to replace it. After 15 years or 20 years, as the first 112 wells cease operating, the companies will move on to the next wells. They just keep tacking them on. By the end of the first stage we might have an understanding of the environmental issues we face but I do not believe the job prospects are great in the long term.

The Hon. JEREMY BUCKINGHAM: You are community leaders and professional planners for your communities and you have obviously done a lot of strategic planning to attract and promote industries and to promote lifestyles. I note that Manning Valley's catchcry is "Manning Valley Naturally". Do you see coal seam gas being a good fit with your strategic plans?

Mr JOSE: The word is "no". We do not see coal seam gas extraction methodologies as compatible at the moment. Obviously industries having access to cleanly produced gas would be important for us in the long term but until it can be extracted and delivered cleanly industry is not going to benefit from it.

Mr ROSENBAUM: You may like to take this matter on board: In our local environment plan we talk about development. A local environment plan tells the community where the growth is going to take place in housing and industry and we plan for it. That is a four- to five-year plan normally. It probably takes longer by the time you do the second one, but it is that length of time. We make those decisions in good faith. I come back again to Gloucester: We encourage people to come and live in these areas, but the overlying factor is that mining overrides our local environment plan so the mining development is allowed to take place. I believe if the State Government ticks off our local environment plan that is how it should be. The mining industry should not have a right to override that local environment plan.

CHAIR: We have run out of time. Thank you for giving us your expert opinion. We deeply appreciate local government people giving us the benefit of their experience.

(The witnesses withdrew)

PATRICK WILLIAM NEAL, Member, New South Wales Farmers Associations Dairy Committee, sworn and examined:

CHAIR: I note Mr Adrian Drury is not at the table. Prior to opening for questions from the Committee would you like to make an opening statement?

Mr NEAL: Yes please. I would like to thank the Committee for this chance to give evidence today. By way of background, the New South Wales Farmers Associations Dairy Committee is a fully autonomous body which falls under the NSW Farmers brand. For those of us who produce fresh milk for the people of New South Wales, there are serious concerns about the potential impact of coal seam gas. The New South Wales dairy industry is largely centred on the coastal areas of New South Wales to the north and south of Sydney. Both these areas are covered by petroleum exploration licences and, outside NSW Farmers, those communities have no source of independent information about what this means for their future.

I want to focus on what it means for me as a dairy farmer if coal seam gas exploration or production were to proceed on my property. I am a larger than normal producer in the area. I run about 500 cows. We produce around 10,000 litres of milk each day. To do that, I have to comply with some fairly serious quality assurance requirements. Firstly, I have to be licensed by the New South Wales Food Authority under the Food Regulation 2010. Those regulations require that the producers of dairy products must be able to mitigate any potential hazards to food safety and must have the ability to trace any input to the production system to identify the source of contamination incidents. The penalties for contravening the dairy food safety scheme are serious with fines up to \$275,000 for a corporation and the withdrawal of licences which can shut down a business. For me,

I cannot guarantee I will meet those obligations where I have unknown workers from coal seam gas companies coming on to my land to conduct industrial processes alongside my herd. In this regard I would have to document every chemical they are using and how do I know what the likelihood is of those chemicals coming into contact with my herd and without knowing what they contain? The problem with the process as it stands is, I am not entitled to have those questions answered. The rights of coal seam gas companies seem to take precedence over my own to the point that, if I want certainty about those chemicals they are using or for my water to be periodically tested, they would bring me before an arbitrator who would give neither of those things but would give the company access to my land. The dairy industry has been through a great deal in New South Wales and to have the uncertainty about coal seam gas hanging over our heads does nothing for investment or the wellbeing of producers we represent.

The other big unknown for us is what happens to our water resources? I rely on ground water to provide water to my cows and I know many other producers who do the same. The dairy industry uses fairly dense stocking rates which would not be possible if we were relying on rain water alone. We understand that the companies themselves are predicting a half a metre drop in aquifer levels for some Queensland projects. If that was replicated here, we could expect some producers to lose water access, at least while bores were being drilled deeper, if that could be done. There is also the potential that we would lose access to bore water permanently. Bores running dry, with our stocking rates, is not just a production issue, it can quickly turn into a breach of our obligations to animal welfare. In addition to concerns about the availability of water, we have serious doubts on whether these companies can guarantee the quality of our water.

The process, as we understand it, involves drilling past our aquifers to reach the coal seams below and then blasting the area with high-pressure water, sand and chemicals before bringing the gas, polluted water and some of those chemicals back up past our water and out for disposal somehow. We are concerned there are no legislated standards that drilling must comply with and no independent authority charged with the leasing of the department's licence conditions. There is simply no way for us to be confident that pollutants going to and from the coal seam will not make their way into the water and in turn into our livestock and the food chain.

This area is perfect for dairying. It has the rainfall to grow the feed we require, the infrastructure and enough producers around to sustain the processing plants and the services we need to run our business. I have serious doubts about whether we can operate alongside the coal seam gas industry. They cannot just pay for the land that is taken up by well heads, paddocks, ponds, roads and pumping stations and think that we can continue to run our business as usual. There must be a tipping point where these things add up to such a reduction in the carrying capacity that I would no longer be able to run a viable business. Land is expensive to the point where it can become near impossible for the next generation of farmers to enter the industry from scratch. And there are

not many farmers around who can spare the land taken up by coal seam gas infrastructure. Combine this with the uncertainty of food safety, water and biosecurity and you will see soon that some of Australia's best dairying country will not have many dairies at all.

We strongly back the Coalition's Strategic Regional Land Use Policy, including the idea of setting up exclusion zones to ensure that coal seam gas does not infringe on areas we need for food production. However, we recognise that NSW Farmers has been involved in the implementation of the policy since the election and has concerns that it may not deliver on everything promised. I really hope that this is not the case and the Government can deliver those promises quickly and in a way that gives the dairy farmers of New South Wales confidence to continue to invest in the industry and to continue to produce the best milk and freshest milk that our consumers love.

The Hon. RICK COLLESS: Mr Neal, can you tell the Committee where you get your water from, what depth you get it from and what sort of aquifer structure it comes from?

Mr NEAL: We have ground water wells and most of the year the water is two to three metres below the surface. We can drain on that except if we have a drought, then that does not supply all our water but it would probably supply 15 to 20 per cent.

The Hon. RICK COLLESS: How deep are your wells?

Mr NEAL: The total depth of the well would probably be five to six metres on our property.

The Hon. RICK COLLESS: So it is very much surface water. Are you aware of any different structure where the water is coming from, under the ground?

Mr NEAL: No, not myself.

The Hon. RICK COLLESS: Do you test your water on a regular basis?

Mr NEAL: We are required to. We have to for our food safety regime. It has to be tested annually.

The Hon. RICK COLLESS: And what is that tested for?

Mr NEAL: For pH, hardness, calcium and a couple of others. It is not a really long list but it is generally a guide to the water quality that we have and that will cover all water sources on our property.

The Hon. GREG DONNELLY: Thank you for coming today to give evidence. Matters other than difficulties and problems with possible water contamination may be an issue for dairy farmers as well. So, putting aside the issue of the water quality and what flows from that, would you care to comment on what other matters might affect the dairy farmer from having coal seam gas mining on their property, other than water matters?

Mr NEAL: We are all concerned about biosecurity and other things that go to running our business. With people moving in and out, you lose control of what is coming on to your farm, especially if it is 24 hours a day because we cannot all stay awake for that long. We are concerned about weeds because there are certain weeds that can be brought in on the wheels of trucks travelling through properties. It is alright if that truck only travels to your own property but if it is travelling to other properties, picking up weeds and then bringing them back to your place, then you have an issue there for control of the weeds. Also if there is a disease outbreak, what will happen then? Are these trucks going to be stopped from running between properties? There are issues like that. They are only two examples that I can come up with. It is to do with the security of your herd. If there is a major disease outbreak and trucks whizzing everywhere, are we going to have to stop on-selling our milk? That will affect the viability of our industry, for our farm.

The Hon. GREG DONNELLY: Realistically, in your experience as a dairy farmer do you see that satisfactory controls could be put in place to monitor, police and regulate those types of things?

Mr NEAL: I guess you could always put in measures to control them. There is always going to be exceptions to the rule. That is what we have to allow for. Five times out of a hundred these incidents might

occur where either disease or weeds are brought on to your farm and it is those incidents that are going to affect the farmers in the region. I am not sure how you do that.

The Hon. RICK COLLESS: On the question of the water and the potential problem of compromising the quality of the water from coal seam gas mining, have you or any of your farming colleagues had any experiences of any of the companies speaking to you directly about the issues with their proposed exploration? Have you had any direct firsthand contact with any of the explorers yet?

Mr NEAL: Not myself. I have had no experience.

The Hon. RICK COLLESS: Have any of the other dairy farmers had any exposure?

Mr NEAL: Not from my region but I have only been on the dairy committee for a year and a half now, since I was elected on to the committee. So my knowledge of these things, being a person contactable by other farmers, it is sort of limited.

The Hon. GREG DONNELLY: Have there been any comments to you from any of your farming colleagues about any early contact with companies or any experiences?

Mr NEAL: No. Only there have been a lot of farmers who become overwhelmed at what is happening. They feel very alone, and when you have people turning up and saying what is going to happen and what they would like to see happen, it is overwhelming for them and they find themselves lost, and they do not understand what their rights are and what they should be doing.

The Hon. GREG DONNELLY: Is some of that starting to happen already, in your experience?

Mr NEAL: I think so, especially further north, around Lismore and Casino. They feel that they have no rights and they feel like they are just one person. When you have a car full of people turn up at your property and you are one against five, it seems, you know, what rights do you have?

The Hon. JEREMY BUCKINGHAM: Thank you for your testimony, it was compelling. The issue of marketing in dairies is fundamental to the viability of the industry. What threat, if any, do you think that coal seam gas poses to the marketing, productivity and viability of your industry? Could you outline what you do with your milk and how you market it? We have had submissions from Norco Co-operative, quite a big business. Can you tell us a little about what you are doing with your milk—whether you are working through a co-op and whether you perceive coal seam gas to be a threat or otherwise to the marketing and the productivity of your industry?

Mr NEAL: My farm supplies Norco. We try to be very environmentally friendly. We are a cooperative so we all like to work together as a group of farmers to market our milk. I am very aware of soils, and that impacts on the fertility of your soils and your being able to produce good quality grass. I guess I focused before on drinking water for stock but there is also irrigation. When I use chemical fertilisers I like to reassure myself of the heavy metals in the fertilisers to make sure I am not overexposing my soil to these heavy metals. A big concern for me is worrying about what is in the chemicals that these people are using.

If heavy metals are irrigated onto pastures and taken up by the grass that is then ingested by cows, or if it goes into the drinking water, then into stock via the water, and then into produce for humans, a lot of the farms will become unviable. There are regulations on how much, for example, lead or other heavy metals are allowed to be ingested by cows and then into milk. One of my biggest concerns is the possibility of what these chemicals are. It will stop milk production. It will stop meat. It will stop all production off that farm.

Another big concern is about what will happen with the water. Is it going to be put into a pond? Is it going to be pumped? Where is it going to be pumped to? Is it going to be put into rivers to be diluted to run downstream? Are farmers going to pump from those rivers for their stock water and for irrigation? It is not just the farmers. Gloucester is where these mines will be in our area. All the water runs out to the ocean. So there will be farmers downstream of Gloucester that will have access to this water. We are a higher rainfall zone than Queensland. If they build ponds they will have to build ponds big enough to catch the rainwater because if the ponds overflow the water will still go down the drains.

The Hon. Dr PETER PHELPS: One of the things we have heard from a number of farmers happy to have coal seam gas on their properties, is that it represents a not inconsequential non-farm income in times of good and bad seasons. Is that applicable in the situation of dairy farming or is that a consideration beyond where you are thinking?

Mr NEAL: All farming is weather dependant. We have just gone through—not in the last two years, but five years before that there were large periods of drought, and even on the coast we were affected. Upriver they have had reduced water allocations for irrigation. Downriver on the coast there was not enough rainfall to sustain grass; we were buying in fodder. To have income other than from primary production would be a help but I guess there are other ways to get around that. You can store feed. In the past when agriculture was a larger industry and it had a greater impact on the gross domestic product, there were concessions to farmers to help conserve fodder for the tougher periods—so they were able to go through these periods—whether it be by tax or other means. There does not always have to be direct handouts to farmers to get them through the lean times, which is sort of weather induced.

The Hon. GREG DONNELLY: Is the dairy industry looking for opportunities to expand and develop its marketing and, potentially, sales to overseas markets?

Mr NEAL: At the moment probably 50 per cent of Australian milk is exported. Only 50 per cent is drunk domestically, whether it is milk, cheese, yoghurt or ice cream. So we are relying on export markets. I would like to see the agricultural industry keep going as a sustainable industry for one hundred or two hundred years. As I heard today, the world population is going to be seven billion people, so we need food to feed them. As Dr Phelps said, we go through stages where production is reduced through drought or whatever, but if the world can contribute, including us, through aid or export to supply the food needs of other countries then that would be a good thing. Agriculture is a renewable resource. It can keep going and going as long as we use that resource. I would like to see the land that I have left in a better state than what it was when I took it over, so it is able to keep producing for myself or my children or whoever takes the land on.

CHAIR: Has the NSW Farmers Associations Dairy Committee undertaken any work to prepare an information pack or a statement of rights pack to give to dairy farmers so that if they were to receive a knock on their door they would know what to do, who to call and how to conduct themselves?

Mr NEAL: I am unsure of that but there are pamphlets going around that are accessible to the members of NSW Farmers to access that. We have always got committee people on hand to help farmers if they need it.

CHAIR: So if one of these guys were to come and knock on their door they can ring someone for advice?

Mr NEAL: Yes. They will have legal advice and people to help them with all their needs.

The Hon. RICK COLLESS: Do you have to submit a chemical analysis of the fertilizers, pesticides and herbicides you use on farms to the foods standards people?

Mr NEAL: Yes, we do. For the chemicals and pesticides we use we have a chemical register, which includes time, date, amount and rates, and we also have to let them know what sorts of fertilizers we have been using.

The Hon. RICK COLLESS: What sorts of fertilizers do you use?

Mr NEAL: We use a broad range of chemical fertilizers, as in urea, blends of muriated potash and single super or superphosphate.

The Hon. RICK COLLESS: Are you aware of what the heavy metal levels are in superphosphate?

Mr NEAL: Not offhand, no, but I do know that they do exist.

The Hon. RICK COLLESS: There is quite a bit of cadmium in superphosphate, which can be a problem.

Mr NEAL: We have moved away from that, and there are other sources. We have used rock phosphate and triple super to try and get away from that.

The Hon. RICK COLLESS: Have you seen any test results for the water that is coming out of the proposed gas wells?

Mr NEAL: No, and I am unaware that the NSW Farmers Associations Dairy Committee has seen any of those results.

The Hon. RICK COLLESS: We do not know for sure that the water coming out of the coal seams contains some of these things you were talking about, do we?

Mr NEAL: No, we do not. I guess we all have that fear and that is what we would like to have allayed. Information is power. We do not know. We are not being told for a reason.

The Hon. RICK COLLESS: I can assure you, and everyone in this room, that the Committee will be quizzing the coal seam gas companies about what is in those water samples. I have seen quite a few of them from one of the Santos' operations. There is a huge variability in the quality of the water, not only in the salinity of it but also in the other contaminants. We need to make sure that we are dealing with the facts, not the antidotes.

Mr NEAL: Yes. The NSW Farmers Associations Dairy Committee has put together a paper, which was submitted. I would like to see a lot of the recommendations put forward implemented.

CHAIR: Mr Neal, thank you for your evidence.

(The witness withdrew)

(Luncheon adjournment)

GRAHAM HEALY, Chairperson, Barrington-Gloucester-Stroud Preservation Alliance, affirmed and examined;

GARRY SMITH, Project officer, Barrington-Gloucester-Stroud Preservation Alliance, sworn and examined:

CHAIR: Welcome to this hearing. Would either or both of you like to make an opening statement?

Mr HEALY: Yes. Thank you for the opportunity to address the Committee today. The Barrington-Gloucester-Stroud Preservation Alliance [BGSPA] was established in 2006 in response to the sudden and dramatic expansion of mining exploration and development within the Gloucester-Stroud Valley, including the major expansion of coal exploration and mining and the commencement of coal seam gas exploration over an extensive area of the valley. The alliance is seeking to ensure that the general rural character of the valley is preserved by opposing developments that are injurious to this character and environment. We are local town residents and rural landholders who are either impacted by current or proposed mining or who are generally concerned about the impact of all this proposed mining on the natural resources and amenity of the valley.

The alliance has made a substantive submission to this inquiry, which responds fully to the terms of reference and includes a list of essential recommendations that we consider to be critical to undertaking the necessary review of all aspects of this industry. Our submission to this inquiry comes fairly hot on the heels of another major submission prepared in response to the environmental assessment released by AGL in support of its proposal to develop a 330-well coal seam gas field in the Gloucester-Stroud Valley. The environmental assessment was a massive document, comprising five large volumes and thousands of pages. To respond to the environmental assessment required an understanding of complex geological, hydrological, engineering, technical, health and environmental issues. We were fortunate in having a body of expertise in our community and this was supplemented by the work of independent experts who provided advice and assistance.

I mention this simply to make the point that our submission to this inquiry is a substantive work based on several years of investigation, analysis and expert opinion. It is not my intention to restate the detail of the matters raised in our submission to this inquiry other than to highlight some key points. We consider that the pollution risk to surface and ground water systems created by coal seam gas extraction presents the greatest environmental danger yet imposed on the Australian landscape of any mining or industrial process so far undertaken in this country. We are particularly concerned at the inadequate hydrogeological assessment undertaken by AGL for its Gloucester gas development given the complex geology of the Gloucester-Stroud Valley. The valley is particularly vulnerable to environmental damage by gas extraction because of the valley's unusual geological formation that involved intense lateral folding, volcanic action and complex erosion processes. These resulted in a complex pattern of geological faults and shears that create exceptional risks of gas migration and watertable damage.

For the information of the Committee, Mr Smith has brought along a definitive reference map which clearly reveals the complex geology. We cannot table that but it is available for inspection by members of the Committee and we invite questions on this particular aspect. As was mentioned this morning, Gloucester-Stroud Valley has already experienced incidents of methane gas migration during exploration and as a consequence of this we believe the process of fracturing, or fracking, should be banned. The cumulative impact of multiple mining developments on environmental qualities is a neglected area of environmental assessment. This is particularly relevant in the Gloucester-Stroud Valley where coalmining and coal seam gas extraction are not allowed. We are also concerned that cultural heritage and tourism aspects have not been adequately dealt with. Our colleagues from Tourism Advancing Gloucester will be giving evidence later today and we welcome further questions in this area. I have deliberately not mentioned the health impacts of coal seam gas as our management committee member Dr Steve Robinson will be dealing with this issue when he appears before the Committee later today.

I have some general comments about coal seam gas. In approving AGL's Gloucester gas project in February this year the Planning and Assessment Commission noted that the coal seam gas industry is relatively new in Australia. The experience of this industry has not been a happy one. In communities up and down the eastern seaboard voices have been raised in alarm. More than 10,000 people attended anti coal seam gas rallies in New South Wales and Queensland earlier this month. I cannot recall an issue that has so galvanised such a broad cross-section of Australian society since the anti-Vietnam War marches. This industry does not have a social licence to operate. There is a single unifying thread linking the concerns of all these communities—

water. Continuity and quality of water supply is the greatest environmental challenge facing Australia and in fact the world today. It is our most precious resource—more precious than coal, gold, gas or any other mineral that can be extracted and we must bestow upon it the highest level of environmental care. In December 2010 the National Water Commission warned about risks to sustainable water management from inadequate regulation of the coal seam gas industry, and specifically said the potential impacts of coal seam gas developments, particularly the cumulative effects of multiple projects, were not well understood and that the coal seam gas industry "risks having significant, long term and adverse impacts on adjacent surface and groundwater systems". The National Water Commission is not alone. It seems there is a new warning from an independent expert issued on a weekly basis.

There is so much publicity about the coal seam gas industry, too much to keep abreast of, and none of it positive. I cannot recall one independent authority speaking in support of this industry. Even the coal seam gas industry itself has considered gas extraction will inevitably contaminate aquifers. In August, Mr Ross Dunne, spokesman for the Australian Petroleum Production and Exploration Association, was reported in the *Sydney Morning Herald* as saying, "Drilling will, to varying degrees, impact on adjoining aquifers. The extent of the impact and whether the impact will be managed is the question." It beggars belief that warnings about the need for a precautionary approach to this industry have been ignored in a short-sighted race to turn Australia into a quarry for the world's developing economies.

In conclusion, the alliance urges the Committee to make two recommendations. I know these have been covered in questions and evidence this morning. Firstly, that a moratorium be imposed on all coal seam gas exploration and development until an independent scientific investigation advises the industry is able to operate in an environmentally and socially responsible manner. Secondly, that the Government adopt a strategic land use policy which would see defined areas quarantined from extractive mining because alternative land use is considered to be more sustainable, more productive and more socially and environmentally desirable. This would provide certainty for both landholders and mining companies and obviate the conflicts and stresses caused by the present approach whereby the entire State is potentially going to be affected.

CHAIR: Thank you. Mr Smith, would you like to make any comments?

Mr SMITH: I have no prepared comments. I will add to the questions and issues raised. There are two matters I would like to speak to. The first is geology, and I know we are labouring the geology but it must be done because the full risk of the Gloucester geology is not understood at all. The second issue I want to address somewhere in the questioning procedure is the valley's scenic heritage significance. This is not just a shallow superficial thing. It underpins its economic base, its tourism industry and its lifestyle settlement. I would like to speak to those two matters.

The Hon. GREG DONNELLY: In your submission recommendation 3 links with a point you make on page 11 about the question of legislation and regulation for this industry. Can you elaborate further on that part of your submission? It is obviously an important aspect. What is your thinking about what needs to be done in looking at the legislative and regulatory framework for this industry?

Mr SMITH: There are two main areas. The first is the Petroleum (Onshore) Act 1991, which empowers exploration and the granting of licences. As mentioned earlier, the exploration process is basically a production process in terms of potential pollution and damage and nowhere are those issues addressed in the Act. Issues of air pollution, possible water pollution, flaring, and use of chemicals are not addressed in the Act, so the Act itself is not sufficiently regulated. Part 3A of the Environmental Planning and Assessment Act has been repealed but the new provisions under part 4 appear to duplicate the part 3A provision in relation to mining so there is no improvement. Two big areas need to be addressed. The first is the huge power given to the Minister. The Minister's position has basically become a law unto itself. The second issue is the inadequate environmental assessment that has been enabled by part 3A provisions, and now part 4, whereby major environmental statutes are either restricted or turned off. I speak of the Water Management Act, the Heritage Act, and the National Parks and Wildlife Act. When I did a tally there were something like 11 Acts and environmental statutes that are important to the whole environmental process that are either turned off totally or severely restricted. They are the two main areas that have to be addressed. I believe the legal issues need an inquiry in their own right; the issue is that big.

The Hon. GREG DONNELLY: What sort of inquiry did you have in mind—like this type of inquiry or something else?

Mr SMITH: In terms of a legal inquiry?

The Hon. GREG DONNELLY: In terms of trying to grasp what would be the key elements of legislation and regulation in this area.

Mr SMITH: Just off the cuff, I am envisaging an inquiry that would be of equal standing to this one. The legal investigations are a major issue of this inquiry but I believe they are so big they warrant an inquiry in their own right to concentrate totally on the legal aspects because they are so broad. We look at the Petroleum (Onshore) Act and the Environmental Planning and Assessment Act and then we have to look at the inter-relationship with all the other environmental statutes, property acquisition and the whole lot. It is a huge undertaking.

The Hon. JEREMY BUCKINGHAM: Would one or both of you expand on your submission regarding the geology of the Gloucester-Stroud Valley? An important part needs further investigation. On page 5 it says:

The assessment of the valley's coal resources in the above study considers that coal cannot be mined safely and economically in the northern end of the valley and yet the AGL project has been approved to extract gas in the same area, and with critical issues including impact on water left unassessed.

Can you expand on that for the benefit of the Committee?

Mr SMITH: It is a very difficult area because we get conflicting opinions. There are early studies—and if I had had notice of the question I could have tabled those studies—going back to the Loughlin report in about 1954 and various subsequent reports that coal could not be economically and safely mined in the northern part of the valley. It would appear that by mining they meant traditional old-style pit mining. It could not be safely mined because of the complex fractures and faults and the breaks in the coal seams and the slanting nature of the coal seams. It could not be economically mined, although someone might say coal is worth a lot more now so some of that problem could be overcome, and certainly that would be the case. However, the issue with the sloping coal seams, the fractures and the breaks still exists. They are still there; that has not changed. The geological advice we received privately was that long wall mining would similarly be difficult and dangerous because of those same faults. We are concerned that gas mining is going ahead on that same geological country.

The Hon. JEREMY BUCKINGHAM: So your suggestion in the submission is that the complex geology is not like a layer cake with coal and sandstone in set strata. Mr Healy, I think you said there was a suggestion that methane gas migration had already been observed. Can you expand on that?

Mr HEALY: That was mentioned by Councillor Rosenbaum this morning, but Mr Smith is better placed than I am to elaborate on that.

Mr SMITH: I could look at the notes to get the exact title of the report but the incident was September 2004, the report was written in December 2004. It was by C. M. Atkinson. Its title I recall as being "Coal Bed Methane Hazards in New South Wales". It was, for quite a time, on line and possibly still is and could be googled. But there was a methane eruption at Stratford due to striking an old exploration hole and considerable methane escaped and that was considered at that time to be potentially dangerous at a very high level. It was caught in time and plugged.

CHAIR: Mr Smith, would you be able to take a question on notice and provide the Committee with the references for the earlier 1950s report that you quoted? Would you be able to find that for us?

Mr SMITH: I could go through them and find them. I recall one was by Lachman. There were some subsequent reports.

CHAIR: Anything you can provide us with would be helpful.

Mr SMITH: There is also a brief view in the definitive geology of the area compiled, I think, under the editorship of Professor Brian Engel and I would also cite that. I can get a list to the Committee later.

CHAIR: Thank you. That would be helpful.

The Hon. RICK COLLESS: Mr Healy, I think you mentioned in your report and in your address that you were disappointed in the—I think the word you used was "thoroughness"—of the geological assessment done by AGL. Surely any exploration organisation such as that must be extremely thorough in their research process before they would commence any drilling activities or anything. Why do you say they have been less than thorough in their geological assessment?

Mr HEALY: Because the simple fact is that there is no hydrogeological study undertaken prior to submitting the environmental assessment. That is one reason they have been given conditional approval for the concept plan and instructed to go away and do these studies that they did not do prior to submitting the environmental assessment. We had a public question and answer session which we invited AGL to attend to answer questions raised by the community. That was one of the points considered by AGL—that it was an oversight—and they received criticism for not having done that previously. Perhaps Mr Smith can elaborate on that.

Mr SMITH: That broadly covers it. The thing that is happening now is that AGL are doing ongoing seismic testing, for the simple reason that they do not understand the geology. The environmental assessment they presented to the director general, to the Minister and to the Planning Assessment Commission did not fully describe its characteristics. They did not have a good understanding of the geology. We have a professional report by Professor Alex Grady stating that they have a poor understanding of the hydrogeology. And they are still doing testing now, testing that should have been done before the development application was considered.

The Hon. RICK COLLESS: What sort of testing are they doing?

Mr SMITH: Seismic 2D and 3D testing. I am not a geologist familiar with the exact procedure and I cannot enlarge upon that but they are again looking to ascertain where the fractures, faults and shears are. Mr Healy referred to a map earlier and I would table that map, if it helps to understand the complex geology. This is a definitive mineral resources geology map of the Gloucester Valley and when you look at it, you can see the mass of faults and shears indicated by lines. We have geological advice from a member within our group and from outside the group that these represent only the basic geological structures that are so far known and that in fact the shears and faults are much more severe. Would you like to me to show you that?

CHAIR: Mr Smith, if you are prepared to table the map we can give you an undertaking that the map will be taken back to Sydney, copied and returned to you.

Mr SMITH: If the members of the Committee felt that it was of use to them, they could retain the map as long as they like. It is a field working copy, it is a little battered and it has been taped back together but the benefit of it is, we have added to the top part of it some of the Gloucester roads and landmarks so that you can see exactly where it happens.

CHAIR: It would be helpful if you would table that.

Leave granted.

Document tabled.

The Hon. RICK COLLESS: Gentlemen, in your submission you refer to shale gas and coal seam gas and you state that it does not matter whether it is coal seam gas or shale gas, the same problems apply. Is that where you are coming from in that comment in your submission?

Mr SMITH: It was only intended as an answer to some methane gas comments. They are saying, "That applies to shale gas and it does not apply to methane gas". The broad principles apply to both. I am not a geologist so I cannot get to the bottom of it but there is much overseas comment that methane gas extraction may, in fact, be riskier but I cannot put any evidence to the Committee as to whether it is or is not. I am only objecting to the comment by coal seam methane gas companies that somehow their process is not risky.

The Hon. RICK COLLESS: As I understand it, they are both methane but one comes out of shale and the other from the coal seam.

Mr SMITH: Yes, it is still the same gas. Our advice is it still has the same pollution problems. But I think the comments by the gas companies were directed at the film *Gasland* and they were saying, "That is shale gas; it is not the same". But much of it is common to both industries.

The Hon. SCOT MacDONALD: You have a statement in your submission—one common to a lot of submissions up and down the coast and out west—that you fear an impact on property values. Is there any evidence of that or is that just what you foresee happening?

Mr HEALY: Thank you for that question. I am having personal experience of that. It is a situation that applies to coal mining but it applies equally to coal seam gas. We have a situation with a mine operated by Gloucester Coal and there is an extensive exploration licence up the valley which is now overlaid by this petroleum exploration licence. In 2006 they applied for an extension of that, for a new exploration licence to adjoin that. Immediately that happened—and this is the point Councillor Rosenbaum was making this morning about the sophistry in saying that exploration is somehow benign and separate to mining, which is a load of rubbish—as soon as that exploration licence is granted, not only does the value of those properties fall, but the capital becomes frozen because people cannot sell them. Nobody wants to live next to a coalmine or in the middle of a coal seam gas field. I can give you an example of neighbours of mine who had to move away because their business went bad and they had to find alternative employment and they cannot sell their property. They are in a desperate financial situation. Their property is outside the footprint that the mining company would be interested in and they are stuck. That is not an isolated incident. And that is one aspect of all this mining that has really hit my hot button because nobody ever talks about it; nobody ever thinks about it. It destroys people's lives.

The Hon. JEREMY BUCKINGHAM: I would like one or both of you to expand on the submission by Dr Steve Robinson. It is included in your own submission. It is the submission on the potential for cumulative health impacts in the Gloucester Valley. I have visited the vale of Gloucester and it is not a wide valley. You have already got significant coalmines and they are set to expand. Would you detail what you believe the potential health impacts could be in that valley if coal seam gas mining goes ahead?

Mr SMITH: I do not think that I can address that as well as Dr Robinson can but we have been concerned for some time that emissions, whether they be from flaring or from diesel machinery being used in the process, that the total emissions are not being considered in conjunction with the coal dust emissions from the coal industry. I live at the northern end of the valley and I have noticed over the last two years a gradual increasing greyness in the morning fogs. We are prone to fogs because of air inversion from the Barrington Tops area. This should have been considered in the environmental assessment because we have particular air characteristics peculiar to the Gloucester Valley. I am noticing increasing grey in the fog. I cannot give scientific evidence of that but the cumulative impact of gas and coal desperately needs to be properly assessed.

Mr HEALY: We deliberately chose not to talk about health matters because Dr Robinson is appearing before the Committee this afternoon and he is our resident expert on health matters.

Mr SMITH: May I table some information?

CHAIR: Please proceed.

Mr SMITH: I mentioned earlier that the Stroud-Gloucester Valley now has tourism as its major industry. The valley is particularly attractive scenically. It was classified by the National Trust in 1975. A submission was put to the Registrar of the National Estate in 1976 to have the valley assessed for national heritage significance. That did not proceed. The alliance undertook a heritage study in 2009 and the National Trust revised their study in 2011. That is in substantial agreement with the alliance assessment. A further nomination has been made to the Department of Sustainability, Environment, Water, Population and Communities to assess the Stroud-Gloucester Valley for having national heritage significance in the 2011 and 2012 program. The last advice was that that is in process but we do not have anything further to report. I do have some documents: The National Trust listing, a copy of the application for national heritage significance and a copy of our document, *The Vale of Gloucester*. I would like to present those to the Committee in the hope they may be of some further use.

Leave granted.

Documents tabled.

The Hon. GREG DONNELLY: With respect to recommendation No. 4 about greater community consultation, do you have any thoughts about how that might be done in practice, compared to the position at the moment?

Mr SMITH: I am sorry, I missed the question.

The Hon. GREG DONNELLY: It is a question about your recommendation about greater community participation. What did you have in mind in that regard?

Mr SMITH: It is one of the areas I have probably given less thought to. We were concerned that, when the Planning Assessment Commission visited the Gloucester Valley, they did not have any community consultation at all and we felt that that was a very bad thing and a very serious omission. So I think I am looking for increased consultation at the predevelopment stage. I would think it needs community meetings. I cannot enlarge beyond that at this stage, there is too much to consider.

Mr HEALY: It was canvassed a little in this morning's discussion about the effectiveness of community consultative committees and the effectiveness of involving the community in the project. I must say, at one level AGL has been quite skilful at providing a certain level of information to the community and engaging with the community. But the real issues of serious consultation and the effectiveness of community consultative committees need to be addressed. At various times over the last few years the various Ministers responsible for these things have held these up to be the be all and end all in the way that members of the community can resolve their difficulties with the company and have all the issues explained to them and really seek information.

The community consultative committees are constituted with narrow terms of reference, even with an independent chairman as someone mentioned before, and their scope, their authority to influence and their ability to extract information is quite limited. Really their effectiveness often tends on the quality of the people on the committee and whether they are prepared to stand up and push the issue. I would encourage this Committee to look at the issue of community consultative committees because it is not working effectively in respect of coal or coal seam gas.

CHAIR: Mr Smith, will you please submit those references to the Committee within 21 days.

Mr SMITH: I will do that.

(The witnesses withdrew)

ANNA KALISKA, Quality and Environmental Impact Manager, MidCoast Water, and

ROBERT JAMES LOADSMAN, General Manager, MidCoast Water, sworn and examined:

CHAIR: Before proceeding to questions, would either of you like to make an opening statement?

Mr LOADSMAN: I would like to make an opening statement. MidCoast Water is the water authority responsible for the reticulated water supply and sewerage systems in the Greater Taree, Great Lakes and Gloucester Shire local government areas, and covers a geographical area of over 10,000 square kilometres. MidCoast Water has a responsibility to deliver high quality, safe drinking water to 35,000 households and over 75,000 people in towns and villages within our area. This responsibility extends to managing water quality at all points of the delivery path from the catchment to the taps of our customers.

MidCoast Water strongly supports this initiative to investigate the environmental, health, economic and social impacts of coal seam gas mining in New South Wales, and recognises the efforts of the Government, mining industry and other stakeholders to work together to introduce a more balanced approach in the management of impacts from this industry's rapid development. However, we believe that current regulation is not adequate to ensure sustainable development of the coal seam gas industry in New South Wales. Our opinion is based on recent experiences gained during assessment and approval of the major coal seam gas operation in the Gloucester Basin. This coal seam gas development is located in the Manning River catchment, which is a drinking water catchment. The Manning District Water Supply Scheme draws water from the Manning River downstream of the Gloucester Basin.

We believe the approval process under part 3A of the Environmental Planning and Assessment Act was not robust enough to allow for a fair assessment of the coal seam gas project in the Gloucester Basin and its impacts on the downstream water supply system. MidCoast Water was not included in the consultation process during the preliminary design stage, which led to the approval of this project. Representatives from a number of government bodies were invited to the planning focus meeting setting out the requirements of the Director General for the project's environmental assessment in July 2008, but the need to assess the potential impacts on drinking water quality downstream of the proposed wet weather discharge point was not raised. Our particular concerns with the approval are that: MidCoast Water operates a drinking water scheme that draws water from the catchment downstream of the proposed development; the Manning District Water Supply Scheme is a major regional water supply system; and the project approval included provision for a river discharge.

The environmental assessment report prepared for the project approval not only failed to consider impacts on drinking water quality downstream of the proposed discharge, but made no mention of the Manning District Water Supply Scheme at all. The fact that there is no State legislation dealing specifically with this issue is a real concern for MidCoast Water, as we believe drinking water catchments should be given special protection status when large-scale coal seam gas projects are considered. We are very concerned that the recently approved project in Gloucester provided for a limited discharge into our water supply catchment and that the decision to approve the project was given without consideration of the impacts of coal seam gas operation on the drinking water supply. The assessment process has to be based on comprehensive studies and accurate scientific models. More resources have to be committed to progress scientific knowledge in the area of coal seam gas impacts. Until sufficient scientific knowledge is developed, the precautionary principle has to be used.

Currently it appears that each project is considered separately. There is a need to introduce measures to address cumulative impacts of coal seam gas projects on a regional scale. In particular, the cumulative impact on groundwater and surface water resources resulting from multiple mining and coal seam gas developments should be considered during the approval process. Environment, community and heritage impact assessments need to be completed before exploration and the process of using an expression licence should incorporate community and local government participation. It is acknowledged that regional strategic plans are proposed to be developed. Our concern is that Gloucester is included in the Hunter region, which is quite different from our region.

The Gloucester region may be close to the Hunter but it has different water catchments: the Karuah and the Manning. These catchments are much greater remnants of biodiversity than the Hunter. We believe that the Gloucester area is unique and should not be included in the upper Hunter; it should be included in a region that includes Great Lakes and Greater Taree. These areas are rich in food production, tourism and include the

Barrington Tops world heritage area. It is hoped that the information gathered during this inquiry will assist in providing a balanced approach to the coal seam gas debate, and that it has as its core value the protection of our environment and our drinking water catchments.

CHAIR: Ms Kaliska, do you wish to make an opening statement?

Ms KALISKA: No.

The Hon. SCOT MacDONALD: I asked the councillors from Greater Taree, Great Lakes and Gloucester Shire councils about how many water bores are sunk at the moment. Do you have any idea of the number of water bores we are talking about?

Mr LOADSMAN: I will pass that question over to Ms Kaliska. She is more informed on technical detail.

Ms KALISKA: Do you mean in the Manning Valley or in Gloucester Basin?

The Hon. SCOT MacDONALD: I was thinking of the whole area.

Ms KALISKA: In the Manning Valley there will be a lot of bores.

The Hon. SCOT MacDONALD: In the dozens or hundreds?

Ms KALISKA: Yes, I think so.

The Hon. SCOT MacDONALD: I tend to agree with you that the river discharge is an issue. Do you recall what volume of water was being talked about in that environmental impact study?

Ms KALISKA: Two megalitres per day.

The Hon. SCOT MacDONALD: Is MidCoast Water or the Environmental Protection Authority capable of modelling the impact of that? For example, the temperature of the water, the seasonality of the flow, nutrient load or anything else that might be in the water? Is MidCoast Water capable of doing that or do you think that the Environmental Protection Authority should be the gatekeeper?

Ms KALISKA: We have a fair idea about that.

The Hon. SCOT MacDONALD: What is your view on two megalitres per day? I thought the figure would have been higher than that.

Ms KALISKA: That is for stage one.

The Hon. SCOT MacDONALD: That is the 100 bores, is it?

Ms KALISKA: 110 bores. But the water quality is very poor. It is extracted from very deep and it has very high salinity.

The Hon. SCOT MacDONALD: So it is a quality issue for you rather than a quantity issue?

Ms KALISKA: Both. This water is very difficult to treat. It will be a challenge for AGL to work out what to do with that water. It is still to be done. It is not determined exactly what will happen.

The Hon. SCOT MacDONALD: But they did get a licence to do that?

Ms KALISKA: They have conditional approval for the project. Now they have to develop a water management plan. Currently they want to start to run some pilot projects to determine exactly what to do with this water in this condition.

The Hon. SCOT MacDONALD: The produced water?

Ms KALISKA: Yes.

The Hon. JENNIFER GARDINER: Mr Loadsman, I heard you early today on ABC Radio talking about the need for more research and modelling. In the New South Wales Government's submission to this parliamentary inquiry it talks about drinking water catchments and says "... the Sydney Catchment Authority has developed principles to underpin decision making in drinking water catchments". Are you familiar with those principles—there are six of them? If so, do they adequately encapsulate the issues that MidCoast Water is concerned about and how might they be enshrined in regulation or legislation to ensure that they are regarded?

Mr LOADSMAN: I am not specifically aware of those comments you are making, no.

The Hon. JENNIFER GARDINER: I will read the first two principles:

- . Protection of water quantity—Mining and coal seam gas activities must not result in a reduction in the quantity of surface and groundwater inflows to storages or loss of water from storages or their catchments; and
- . Protection of water quality— coal seam gas activities must not result in a reduction in the quality of surface and groundwater inflows to storages ...

If we provide those to you on notice you might be able to respond as to whether or not you think they are appropriate in your catchment area?

Mr LOADSMAN: Certainly.

The Hon. JENNIFER GARDINER: And how they might be best taken into account in the development of regulatory framework.

Mr LOADSMAN: I will take that on board.

CHAIR: What is the uptake from the river? How much water do you take?

Mr LOADSMAN: We extract 11 megalitres per year, 11 gigalitres per year from the—

CHAIR: That is 11 gigalitres per annum?

Mr LOADSMAN: Yes.

The Hon. JEREMY BUCKINGHAM: I am concerned to hear that you were not consulted prior to the stage one concept approval, particularly with a river discharge. Will you expand on what some of the issues are regarding water quality? The suggestion is that it is not just about salinity but that there are other organic and inorganic compounds that can find their way into the waste water from coal seam gas. Will you expand on what you think some of the risks are to water quality from some of the other contaminants?

Ms KALISKA: What is in the extracted water is what is in the groundwater. So far we only have a preliminary assessment of groundwater for this particular project. Already we can see that there is some heavy metals and there is also some BTEX in the groundwater, but the analysis is not detailed enough to determine exactly what is there. AGL is preparing a more detailed groundwater assessment, but it is not yet ready yet.

The Hon. JEREMY BUCKINGHAM: The Sydney Catchment Authority recently put a submission to the Department of Planning opposing coal seam gas development in their catchment because they could not argue that it would have no impact—which is the first time it has done that. There was an application for test bore holes. Would MidCoast Water consider a submission opposing coal seam gas in drinking water catchments, as the Sydney Catchment Authority has done?

Mr LOADSMAN: At the present time we are not opposed to coal seam gas. Our priority is to put information forward that will assist you people to come up with ways of protecting our water supply—that is our main concern. There is a lot of uncertainty around the whole coal seam gas debate and we are not comfortable that the modelling processes are scientific or have been developed enough to give us enough information to come to that conclusion.

The Hon. PETER PRIMROSE: Following up the question asked by Mr MacDonald, the question of bore water has been put to us on a number of occasions—I am aware you are primarily concerned with reticulated water. It has been put to us that the drilling of water bores may also result in interference with or contamination of aquifers and that has been given almost as an equivalent in the drilling for coal seam gas. Can you comment on that?

Ms KALISKA: There is a difference between drilling for water and drilling for coal seam gas because when you drill for water it is not as deep and you are not dealing with the aquifer, which is 50,000 years old and has a different composition from the normal water you drill to get drinking water supplies. There are no harmful or toxic chemicals in the aquifer you drill for the drinking water supply.

The Hon. PETER PRIMROSE: Essentially would you say there is a qualitative difference between drilling for coal seam gas and drilling water bores?

Ms KALISKA: Yes.

The Hon. GREG DONNELLY: On page 6 of your submission you say:

MidCoast Water strongly believes that the quality of environmental, economic and social impact assessments should be improved including full transparency and disclosure of technical aspects and impacts of coal and gas projects.

I take it your view is that at the moment there is not satisfactory transparency in the process. If that is the case, how can that transparency issue be addressed in looking at this whole issue of coal seam gas exploration and development?

Ms KALISKA: The consultation process should start much earlier before the proposal is submitted and agencies such as MidCoast Water should be involved from the very beginning of the process. All the studies and assessments should be done more thoroughly and the community should be involved much earlier so it can exercise its rights to participation in the decision-making process.

The Hon. GREG DONNELLY: I refer to your third paragraph and the current arrangements whereby projects are considered on an individual basis. If I understand your submission correctly, you consider that is really inadequate for what we are looking at and a more longitudinal cumulative assessment needs to be done. Would you like to elaborate on that point?

Ms KALISKA: Each project is considered separately and if we have a coal seam gas project in an area where we already have several mines we have to make an assessment on the whole area and not each project and its impact on the area separately because the impacts can be cumulative. It should be modelled on a regional scale not just on each project separately.

The Hon. RICK COLLESS: I refer to the water that is coming out of these coal seam gas wells. In your submission you state that the gas operations may contain toxic or carcinogenic substances and the produced water is also highly saline. Have you seen or do you have access to water test results from those coal seam gas wells that show those figures?

Ms KALISKA: Yes, they were in the environmental impact assessment by AGL and also in the preliminary groundwater assessment. I know what the level of salinity is; it is very high.

The Hon. RICK COLLESS: Can you recall how high?

Ms KALISKA: Yes, it is from 3,000 to 9,500 micro Siemens per centimetre.

The Hon. RICK COLLESS: Which is about one-third of the salinity of sea water?

Ms KALISKA: Yes.

The Hon. RICK COLLESS: Did you also say in answer to Mr MacDonald's question that they were planning to discharge two megalitres per day?

Ms KALISKA: That is the amount of water produced during the day. We do not yet know how they will manage this water. It has not yet been worked out.

The Hon. RICK COLLESS: So that was not to be discharged into the river system?

Ms KALISKA: No. They have to store it and maybe try to develop an irrigation scheme.

The Hon. RICK COLLESS: Do you have access to the water bore logs from within the MidCoast Water area? I presume these would be water bores that were probably put down under the direction of the Department of Water for irrigation and so on.

Ms KALISKA: Yes.

The Hon. RICK COLLESS: Can you give the Committee an idea of the range of depths of those bores and the aquifers they are into?

Ms KALISKA: For drinking water supply there are bores in Tea Gardens which are 20 to 30 metres deep. Irrigation bores can be shallower.

The Hon. RICK COLLESS: What sort of geological strata do those bores penetrate?

Ms KALISKA: Those bores usually are in sand in the lower catchment.

The Hon. RICK COLLESS: So they are surface bores.

Ms KALISKA: Alluvial.

The Hon. RICK COLLESS: Can you give the Committee an idea of the range of quality from those aquifers?

Ms KALISKA: From our drinking water aquifers? The salinity will be about 150 and of course there will be no heavy metals or any BTEX. It is good quality water. It can be a little high in iron, just a bit more than the drinking water guidelines. It could have some aluminium in this area, but that is all.

The Hon. RICK COLLESS: Would you be prepared to make available to the Committee some of the test results from the coal seam gas wells that you have access to?

Ms KALISKA: We have the preliminary groundwater assessment and there is one page with water quality results.

The Hon. RICK COLLESS: Are you able to make that available to the Committee?

Ms KALISKA: Yes.

The Hon. GREG DONNELLY: On page 5 of your submission you say that an effective regulatory arrangement should be established to protect town drinking water supply catchments from water pollution caused by upstream coal seam gas developments. In the next paragraph you say there is no State legislation dealing specifically with this issue. Are you saying that at the moment the legislative and regulatory framework in New South Wales is completely inadequate to deal with this specific issue you are raising about the effect on your water supplies?

Ms KALISKA: In general there is no legislation which gives drinking water catchments special status. Usually legislation deals with environmental issues but not drinking water issues. That is what we were referring to.

The Hon. GREG DONNELLY: And you submit that something specific should be put in place, given the domain of your responsibility, to ensure proper standards are met?

Mr LOADSMAN: That is correct.

CHAIR: Thank you for appearing. Please provide any data that was requested within 21 days.

(The witnesses withdrew)

PETER EPOV, Chairman, Manning Alliance,

KERRY ANDERSON, Secretary, Manning Alliance, and

LLOYD PARSLOW, Treasurer, Manning Alliance, sworn and examined:

CHAIR: Would any or all of you like to make an opening statement?

Mr EPOV: I will make a statement on behalf of the group. First I will introduce the other members of the group. Kerry is a single parent who is balancing operating a farm, completing a university degree and raising three teenage children. Lloyd and his wife, Janice, are self-funded retirees who have made the tree change and moved to the Manning Valley from the Blue Mountains. Lloyd is a decorated Vietnam veteran who voluntarily served in the Australian regular army. We collectively are the authors of the submission before you.

I will continue the theme of our submissions. This community does not want, nor do we support, coal seam gas mining in the Manning Valley. As in our submission, we stipulate that the Manning Valley should be recognised as a region of unique State significance and that it should be permanently locked away from coal seam gas mining. Today, here in the Manning Valley, is Blue Day. Blue Day is what we call a silent people's protest aimed at peacefully expressing this community's opposition to coal seam gas. Throughout the valley and for a further six weeks merchants will be displaying our blue posters. People throughout the community are hanging blue ribbons on their front doors, gates and cars and today they are all wearing blue. Blue represents the clean, pristine waters that we have in our valley which we are determined to protect from coal seam gas contamination. If you cast your eyes over the audience, you will see people wearing blue. I am sure that the Committee would have noticed that all day today everybody has been wearing blue. Such is the resolve of this community.

Again, if you cast your eyes over the audience, you will see a broad cross-section of the community, people from all sectors of the community. We are not radicals, we are not fringe elements, we are people who are deeply concerned about the implications and the consequences of coal seam gas, as are many Australians throughout the community. These people want me to express to this inquiry and to the Government that we do not want to compromise the quality of our water, the health and safety of this community, nor our fragile and precious local economy, to the serious and significant consequences of coal seam gas. We are not happy with, nor do we trust, accept or believe the present Government's policy-on-the-run approach to coal seam gas mining.

Further, we question the morality of the Government fuelling a gas gold rush and at the same time arguing that if we do not allow this industry sufficient latitude, then it will go elsewhere. We do not like the fact that when it comes to coal seam gas the New South Wales Government is the policy maker, the tax collector and the primary beneficiary of coal seam gas. Nor do we like the fact that so many former politicians, staffers and government employees are now working for this industry. It is a little like insider trading. The coal seam gas dilemma has been painted through the media and by industry and politicians as an age-old argument between farmers and miners over land use rights and, as such, it has been minimised and trivialised. But the issue is much larger and more significant. This is not just about land use rights; it is an argument about major fundamental change to the structure of the Australian way of life, our way of life.

What the community is saying is that we do not want coal seam gas wells popping up indiscriminately all over the place. Further, we would strongly argue that neither the current State Government, nor Mr O'Farrell or Mr Bromhead, have an explicit mandate to make such a structural change to our way of life. The community and the people will not stand for it, nor will they accept this. This is partly the reason why there are so many groups and alliances that are appearing throughout the State. We do not want to be surrounded by gas wells. We do not trust nor do we believe in the rhetoric. There is insufficient science to support coal seam gas mining in this State and the Government should not underestimate the concern and resolve of this community. This issue really will not go away—it is not like the Solar Rebate Scheme. The fact is, the community is only now starting to awaken to the consequences of coal seam gas. Once the community is fully aware, this will become a significant conflict and it will haunt and damage the Government.

We understand that the Government is eager to fill its coffers from coal seam gas mining and that coal seam gas is an easy and expedient solution for the Government. But the community does not want to pay this price. We do not want to exchange our way of life. We do not want to take on the risks of coal seam gas.

Expediency only leads us to greater and far more complex problems down the track. The new buzz word of "adaptive management" from the coal seam gas industry—meaning once we cause a problem, then we will sit down and try to work out a solution—just does not have any weight.

We do not like the fact that the National Party—which claims to be looking after the interests and the welfare of the bush and the rural community—appears to be very closely aligned and in bed with the mining industry. Further, we do not like, nor do we accept the revival of the ghost of Sir Joh Bjelke-Petersen constantly telling us, "Don't you worry about that; don't you worry about that", particularly in a situation where, almost daily, new information is emerging regarding the seriousness and the significant consequences from coal seam gas mining.

The Government is facing a major credibility issue on this subject. The Coalition was elected and campaigned on the previous Government's failures—not on a platform of structural change to our community. Coal seam gas represents a structural change to our community. The manner in which the State Government appears to be allowing the industry to cherry-pick locations means that the whole State is now exposed. It is the Government's management of this issue that is causing all the upheaval throughout the State and this will ultimately lead to significant civil unrest such as that which has now been commenced on the Liverpool Plains. Neither this community nor the entire State wants to see the Queensland coal seam gas pandemic here. Is it not our responsibility, as a society and as the human race, to be looking forward longer than the next 50 years? Should we not be looking 200 and 500 years forward? After all, it took China 400 years to build the Great Wall. Or are we prepared to consign our grandchildren to abductive management where we create all the problems and they have to find the solutions? Thank you.

CHAIR: Would either Mr Parslow or Ms Anderson like to make a statement? I will now pass to Mr Donnelly.

The Hon. GREG DONNELLY: Thank you for coming along and providing some additional testimony to your detailed submission. I open by framing it this way: The impression I got from the submission you gave—a very heartfelt and strong submission—was that the position is, "No, no, a thousand times no", to coal seam gas exploration and development. On the other hand, on page 10 of your submission, you raise what are a number of issues that really, on my reading of it, should be addressed if we in New South Wales are to have a serious look at this issue of coal seam gas exploration and development. So I am just trying to discern what the position is. Is the position a complete no, never, or is it that there are a number of very serious matters in play here that need to be looked at and we should be turning our minds to looking at these and, to coin a phrase, get to the bottom of it and satisfy ourselves before we proceed with the development of the industry? So I am just trying to get the position that you hold?

Mr EPOV: The position that we hold is that we oppose coal seam gas mining in its present manner of introduction. We understand that there is some economic benefit to the State. We understand that it is expedient for the State to look at the enormous amount of income from royalties and things like that. We would argue that there are other industries that need to be encouraged, primary industries, which could ultimately cover the income and return what is projected from coal seam gas mining. We cannot come to you and say no to everything; we have to be reasonable in our approach. We have said to you that we oppose it but if the Government allows it to happen, then we are asking you to take into consideration all of the elements that we put in our submission. After all, we are only a voice of a small community. Does that answer your question?

The Hon. GREG DONNELLY: Yes. Following on from what you have said, page 10 of your submission, which is very detailed, outlines a number of issues which need to be confronted and got to the bottom of before the industry proceeds in this State. That is your submission?

Mr EPOV: Yes.

The Hon. PETER PRIMROSE: A question I asked earlier, that is, how do you respond—and I can guess what the answer may be—to the suggestion that the coal seam gas industry will bring jobs and prosperity to this area?

Mr EPOV: One of the things that is not being discussed is a cost benefits analysis to the community and this is one of the things that needs to be considered in this whole process. What does it really mean to this community or to any community? It is our belief that it will not improve the economic status of the community. We believe it will have a negative impact on our economy and on our way of life and that there are enormous

social elements to be considered. Some of the other speakers today have spoken to you about property values going down. What was not touched on—and I presume someone will ultimately touch on that—is the human element, the impact on the people who have to suffer in the situation where their property values are slashed or when their mortgages are called on because they no longer have sufficient collateral on their property. I have heard of instances where people have gone to borrow money and the bank is saying no because their property is in a coal seam gas area. Think of the consequences if that falls right through Gloucester and all the banks sit down and look at their exposure and they say: We are not covered sufficiently, let us go and call in all our mortgages or let us ask for additional security. How many people on mortgages are exposed? People have had breakdowns, people have had heart attacks. These are consequences that are indirect but clearly impact on the entire community and on other government services.

The Hon. JEREMY BUCKINGHAM: Mr Epov, you have, in a compelling way, put the case for no coal seam gas. One of the fundamentals to that case is that you are concerned about the economic impact of coal seam gas on existing industries. Could you expand on that? What are the threats you see to industry? What are those industries? How do you see coal seam gas impacting detrimentally on the existing and potential economy of this district?

Mr EPOV: This region has been impacted by globalisation—where we had substantial companies employing hundreds of people, they have disappeared. As you all flew in today you would have seen how green our valley is. This was a significant beef producing area. This was a significant dairy industry area but 70 per cent of our dairies have been wiped out through dairy deregulation. We now have a very delicately balanced economy. That economy is based on some food production and tourism. Some 2,600 people are employed in tourism in this region. Tourism means several hundred million dollars of income to this community. Quite frankly, no-one will come here to go on the gas pipeline trail.

Above us four billion are people living in Asia. Of those four billion people, there are close to one billion people with a high disposable income. As we fuel their economies with our energy and our minerals, we are also fuelling their living standards. As we fuel their living standards, they will have greater demand for better quality produce: food. We have all been to Chinese restaurants and seen the fish swimming around in the tanks. We know that the Chinese like to pick this fish or that fish—they like to see quality produce. I have spent almost 20 years doing business in China. I have made over 100 visits to China. I can see the changes that have occurred in their living standards. With those changes in living standards will come greater demands for quality food, for naturally grown, clean food—pasture grown food. All of our lobsters go to China at the moment. The Chinese are quite prepared to pay, and they have the money to do so. If they can pay for our lobsters, they can pay for premium food.

In terms of contributing to our economy, we need to focus on what we already have and grow it, develop it and expand it. We should not put it at risk. We should not put it into harm's way or jeopardy. Being three hours away from Sydney we have a lot of visitors to this region. We see tourism as being negatively impacted. If there were some sort of incident resulting from coal seam gas or contaminated water, it would have a severe negative impact on food from this area. From looking around the table I gather that most of the Committee members are of the same vintage as me. You probably all remember the Sydney oyster scares in the 1970s. Industries died. My wife's family business, which was probably the single largest oyster distribution business in this State, died as a result of oyster poisoning scares. These implications must be thought through. Think back to the mad cow disease. We did not have it in Australia, but think back to how it impacted and affected other countries and their produce. We only need one incident. That is my answer to your question.

The Hon. RICK COLLESS: You were talking about the cost benefit to the community. The industry will probably go ahead if it can be designed so that there is no impact on our groundwater, surface water, estuaries, et cetera, no impact on our agricultural land and no impact on the social fabric of our community—you must remember that that is what this inquiry is about—but if those things cannot be given then probably the industry will not go ahead. Assuming we meet all those ifs, and we want to give a better financial contribution to the community, so the cost benefit pendulum swings back in the community's favour, have you got any suggestions as to how that should happen? Should it be through compensation to communities at large? If so, how should that compensation be applied?

Mr EPOV: To answer the earlier part of your question, it is like me picking all the numbers in Powerball. At the moment it clearly appears that there are so many considerations that have not been made with regards to coal seam gas. Those ifs are very big ifs. I am not disputing what you are saying. I think that ultimately there have to be areas identified that may be properly tested for coal seam gas. I am a rational person

and I try to be reasonable in my approach, but ultimately those areas have to be incredibly well selected and vetted. Those areas cannot have an impact on the community. Many of the families of the people who live here have been here for generations. They have worked, toiled and developed this land. It is not right, fair or decent for someone to steamroll their property and create havoc and mayhem. It is not reasonable.

The Hon. RICK COLLESS: I think you have misunderstood my question. My question related to ways in which we could get better recompense for the community?

Mr EPOV: In terms of better recompense for the community we need to clearly identify those regions that are suitable and those that are unsuitable. That has got to be developed by consideration of not only strategic land use but also a range of other factors. I was going to say at the end of our evidence that we intend to give the Committee a further submission on elements that we have not covered and which we would like to expand on. The fact is that individuals need to be compensated and they need to be compensated properly within the twenty-first century. More importantly, regions are critical. Regions should not be considered through lines on a map. We have got to look at the geography. We have got to look at the geology. We have got to look at the structure of the earth. We have got to consider all of these factors before we determine the areas that are acceptable and those which are not acceptable. My argument today is that this particular valley is not acceptable for coal seam gas mining.

The Hon. SCOT MacDONALD: I heard you talk about access and you compared it with Queensland. Queensland has quite different land access protocols compared with New South Wales. We need to draw a little bit of comfort from the fact that, as far as I am aware, there has been no forced access by any coal seam gas company in New South Wales. That is my understanding. Are you saying there should be even greater bars, if you like, for access onto properties?

Mr EPOV: Absolutely. We do not have coal seam gas in this valley at the moment so I feel a little unqualified to speak directly, but access is a serious issue from what I heard in the evidence that the Gloucester people were giving earlier. I cannot give you direct evidence. I can only give you information about what I have heard. The situation with access is that people can come to your property and they can ask you to drill. They do not necessarily identify themselves. They do not tell you what your rights are. They get people to sign contracts, which are confidential and they cannot disclose to their neighbours. The whole process is divisive. It is intended to divide and conquer. It is not fair and it is not reasonable.

The Hon. SCOT MacDONALD: When the Committee prepares its final report you would ask that one of the key elements to be included in it should be that land access agreements should be transparent, equitable and fair, correctly priced and give equal power?

Mr EPOV: Landholders need to have rights, and those rights should cover their right to say no.

CHAIR: I thank you all for your submission and for appearing here today. I ask you to ensure that you get your supplementary submission to the Committee within 21 days.

(The witnesses withdrew)

(Short adjournment)

THOMAS DAVEY, Chairperson, Tourism Advancing Gloucester, affirmed and examined:

CHAIR: Thank you for appearing before the Committee. Would you like to make an opening statement?

Mr DAVEY: Yes. Firstly, welcome to Manning Valley. We hope you enjoy your stay. I represent tourism in Gloucester. We are only a very small group in Gloucester, about 140 tourism businesses that employ about 9 per cent of the local workforce. The industry in Gloucester generates about \$28 million worth of tourism dollars per year, which is not bad going for a small shire of about 5,000 people. I note that in our accompanying shires in Manning, greater Taree generates \$140 million and Great Lakes is another \$140 million, so when you put those three together we are quite a sizeable chunk of the tourism business on the mid North Coast. The good thing about this particular industry is that most of it is retained in the community, so the \$28 million earned in Gloucester stays in Gloucester with the small businesses that I represent.

I have been in tourism for about 20 years promoting destinations. Gloucester is a destination. It has World Heritage-listed Barrington Tops and the Gloucester-Stroud Valley is also National Trust listed. That is one good thing about being a destination, particularly in the twenty-first century. Twenty-first century tourism is all about experiences and Gloucester is at the top of that because it can provide clean green experiences—adventure tourism, wellbeing tourism and agri-tourism. I am here for a very small town in a very beautiful location that is under threat from coal seam gas mining.

Just after this Committee inquiry was announced some advertising started appearing in the paper. I will hold up this advertisement so the Committee can see it. This is Brooke, who is from Singleton, and it is pretty clear what she is demanding: she is demanding coal seam gas. This ad appeared four weeks running in our local paper and then they changed the heads and we had some new faces. I will read an open letter from a Gloucester resident in response to this ad:

Hello Brooke,

It was with dismay that I saw your pretty smiling face in the "We want CSG" advertisement in our local Gloucester paper. I saw that you are demanding coal seam gas because of the economic benefits you think it will bring to your town.

I agree with you that rural towns need more than one key industry. In our past, Gloucester has relied on timber, then dairy, now beef cattle, mining and tourism.

...

Let me count the reasons why we don't want coal seam gas in Gloucester:

Because its ugliness will destroy our tourism industry;
Because of the risks from their poison ponds to our rivers and aquifers;
Because of the risks to our productive farmlands and treasured wildlife;
Because the 110 gas wells planned for our valley will destroy its National Trust-listed beauty;
Because it's not a sustainable industry (once it's gone, so too will be the gas mining companies);
And because the gas mining companies use advertising with pretty faces like yours, to divide our community based on the possible benefits to just a few.

We don't need another short-lived industry in Gloucester such as coal seam gas to lead us down yet another path of dependency. So yes, by all means please keep coal seam gas in Singleton for the benefit of your local community. But here in Gloucester, we'd like something better.

Brad Bowden

Church St., Gloucester

Coal seam gas equals ugliness, equals risks, it is not sustainable and it is divisive. In conclusion I want you to remember only three words today—mining kills tourism. I hope you enjoy your stay.

The Hon. GREG DONNELLY: Is there no scope whatever for any middle ground in this debate? Is it a zero sum game as plainly as you present it?

Mr DAVEY: We have a mining town already with one coalmine and another coalmine is proposed that wants to come right up to the first fence in the backyard backing the town. Now we have 110 coal seam gas

wells about to start plus another 220 in the plan. On top of that there is gold exploration going on at the moment. As I left home this morning there was a plane buzzing in my valley, going up and down, up and down. The town really does feel under siege when there are planes buzzing during the day and you know it is an exploration plane. We already have a mine which was pitched to the town as being a boutique coalmine and it would be gone in 20 years time. Those 20 years are up and they have asked for an extension and for 24-hour operating. There is middle ground for something you already have but when it appears to be swallowing you up every which way you turn the feeling in the town is that the miners are on the march and they include coal seam gas. When you feel like they are marching up the valley and they are going to walk all over town that is where the stress comes from for the town.

The Hon. GREG DONNELLY: I feel like I am acting as the devil's advocate in putting this question to you: What if there were farmers in this area who were prepared to support coal seam gas exploration and mining on their property? What do you say about that proposition?

Mr DAVEY: As I mentioned earlier, the whole proposition is divisive. I know there are people on my tourism group who have suffered friendship breakdowns. The husband of a woman with a well-established business in Gloucester that was a State finalist in the bed and breakfast category in the Hunter region took a job in the coal seam business with AGL and she said she has copped abuse in the street from people who are long-term friends. It has the ability to tear people apart on the basis of perceived self-interest. They receive special deals from the mining companies and short-term gain for long-term pain in the community.

The Hon. JEREMY BUCKINGHAM: In another role I am a councillor and we have made a significant investment in Orange City Council in western New South Wales in something called "Brand Orange", so I understand a little about branding and tourism branding. You have made a significant contribution in your submission about the impacts of coal seam gas on tourism branding. It is not just a name; it is a significant socio-economic investment. What is your branding now and what do you think the threat is in the future to that branding?

Mr DAVEY: Those of you who watch television or read a newspaper will know what a brand is. You will know what Coca-Cola and McDonald's stand for. Brands represent a space in people's minds. I am very lucky because I work with a group that had identified our brand values and created a mission statement before I wrote this submission. Those seven points in my submission are the brand values for Gloucester. Our brand values identified by our group are scenic drives, pretty rivers and productive farming valleys, village atmosphere and old world charm, friendly people, country hospitality, gourmet cafes and wineries, boutique shopping on a relaxed main street, extensive accommodation choices for any budget, and World Heritage listed nature for adventure and wellbeing. A lot of those values can apply to any area in New South Wales and I encourage those areas to come together to create their own values because this is what we judge ourselves on in our group. We judge all activities that we do. We have those values on the wall and this is what we stand for, so it is very easy and very clear to judge everything based on those values.

Anything that goes against those values is clearly a threat to the tourism businesses in Gloucester. As you can see from my submission where we talked about the water and noise and all the things that could be detrimental to the brand, it means they could be detrimental to the businesses of Gloucester and downstream to the Manning River Valley and the Great Lakes as well. It is not just the \$28 million that is at risk; it is the \$320 million at risk.

CHAIR: You mentioned there are 2,600 people employed in the industry. Is that in the whole valley?

Mr DAVEY: No, only 240 people are employed by the tourism industry, which is 9 per cent of the workforce.

CHAIR: Is it \$28 million from Gloucester-Barrington alone?

Mr DAVEY: Just for the Gloucester region, yes.

The Hon. PETER PRIMROSE: I will not challenge you about brands but one of the things that struck me in the conversations today is that people are talking about wells and not about pipes. Maybe it is because we are largely talking about the exploration phase at the moment and not production. Are you aware of where the pipes are proposed to go to transport the gas and what effect that would have?

Mr DAVEY: I am not an expert on where they are laying those. It is actually hard to track down the information from AGL as to where the pipeline will go. It looks as if the pipe will operate along Bucketts Way from Gloucester and down behind Stroud.

The Hon. PETER PRIMROSE: How would you view the brand of this community in relation to the pipes?

Mr DAVEY: A pipeline is a scar on the face of Gloucester's beauty.

CHAIR: What about if it is underground?

Mr DAVEY: I think the flaming smoking wells are the poke in the eye in Gloucester's beauty so if we do not get it one way we will be poked in the eye somewhere else by something else.

CHAIR: Have you actually seen a gas well?

Mr DAVEY: Again, it is hard to find a picture of a gas well because there is not one on the AGL web site. The photographs I have seen have been on ABC television, on a web site and wherever I could get an angle on what it looks like. Sometimes you just see a row of trees. That is the image AGL wants you to look at. The ad on television for Santos about how good they are in western New South Wales does not show one well; it shows cows. They do not mine cows. It is hard to paint a picture. I like to talk about pictures and I find it very difficult to get a handle on words that apply.

CHAIR: Just so everyone knows, I was not trying to trap Mr Davey or be a smart aleck. Unless you get taken to see one of these things they are a bit hard to find. That does not mean when you have 400 or 2,000 of them they are not a nuisance. It is just that they are not intrusive. I think the point Mr Primrose was trying to make was that the wells on the farms are not the end of it. You then have to have a pipeline to transport the gas and in some locations you have to have a plant about as big as this room with some big gas turbine engines pumping that gas. It is not just the little wells you are talking about.

Mr DAVEY: When I first came to Gloucester four years ago I drove from Ingham along Bucketts Way in the middle of drought. We actually drove down from Queensland and the only parts of New South Wales that were green were Byron Bay and around the Gloucester-Manning River valley. We got to the Mograni Lookout and there is a spectacular view right down the valley. That will be a perfect viewpoint of the 330 coal seam gas mines that will be put down in that valley. You will get to see it without needing an aeroplane.

The Hon. JEREMY BUCKINGHAM: What about agriculture? It is often given a bad name in terms of its viability and whether it is an ongoing concern because of the reduction of agriculture and the numbers of people in that sector. In my district there has been a reinvigoration, a renaissance in boutique horticulture, clean green food and slow food. Is that happening in Gloucester and is coal seam gas potentially a threat to that industry?

Mr DAVEY: Coal seam gas threatens everything. That is the easiest way to put it. Agriculture is turning a corner in Gloucester. Everybody knows about the Gloucester Project, which has just been awarded over \$250,000 by the State Government to do more research work and to grow alternative land uses for growing food. It is very strong on the food security agenda. What price do you put on the health of a vegetable that has travelled only a couple of kilometres versus one that has come all the way from the United States or India or Israel? What price do you put on that from a health point of view? I cannot stress enough that locally grown food is going to be the way of the future. Gloucester is trying to head that way and we have the funding to do so. So anything that is detrimental to that path is just going to fly in the face of food security in the future.

The Hon. SCOT MacDONALD: I take you to the land offsets for coal seam mining. I am not aware of any proposal ever by any coal seam gas mining company to approach this looking for land offsets. I can be corrected, but the main reason is the footprint is quite small. Yes, it is a bit larger than when they first do their test drilling, but then it comes back to, as somebody said previously, roughly the size of a shipping container. So, unless you can tell us otherwise, I do not believe there has ever been a request to go down that pathway of an offset. Are you aware of that?

Mr DAVEY: Not in particular. Mining companies and the gas mining companies have very deep pockets and when the fire is started by a group such as the one behind me, they will start offering money and

they will buy out people who are against them. They will buy out farmers and they will buy out greenies. We are surrounded by stunning landscape and what we do not want is somebody to say: We will protect that mountain top because we are going to obliterate the valley. We do not want that to happen.

CHAIR: Can you give the Committee a bit of an idea about what is the forward plan for tourism in Gloucester and Barrington? What do you want to do?

Mr DAVEY: We have just completed a strategic plan for tourism in Gloucester and fortunately there are the three things I mentioned at the beginning of my presentation: Tourism that is adventure-related; tourism that is wellness and wellbeing related; and agritourism, that is, farm stays, farm experiences and farm gate trails. It is all about food and it is about beauty.

CHAIR: Hunting and fishing too?

Mr DAVEY: Great fishing. You are more than welcome to come to Barrington Tops and the area for fishing at any time.

CHAIR: In your forward plans, what sort of growth do you expect from your current \$28 million?

Mr DAVEY: The last time it was measured was 2007, so I believe \$20 million, but it is way beyond that now and there has been exponential growth in adventure tourism over that time in Gloucester. Blue sky, I cannot put a figure on it. I know it is beyond \$28 million but I thought we were talking about the published numbers. So clearly, the drive would be the \$35 to \$40 million. As I said, \$140 million for the Manning Valley and \$140 million for the Great Lakes—why can't we do that?

CHAIR: Does your group have any promotional material you can leave with the Committee or have you already done so?

Mr DAVEY: I have a "Wellbeing in Gloucester" brochure. It is a brand new brochure that has just been released. Brad Bowden from Tobruk is sitting over here because he is the massage therapist in town. He is part of this new group of wellbeing practitioners in town we are trying to promote. We are already on the ground running trying to promote our town in twenty-first century tourism.

CHAIR: Can you table that and a copy of the letter?

Mr DAVEY: Yes. I have a copy of that, and do you want a copy of the advertisement?

CHAIR: That will probably help. We can copy the advertisement and return that to you if you wish.

Leave granted.

Documents tabled.

(The witness withdrew.)

BRUCE ANDREW ROBERTSON, Beef cattle farmer, affirmed and examined:

CHAIR: Before we proceed to question you, would you like to make an opening statement?

Mr ROBERTSON: Yes I would. Good afternoon members of Parliament, ladies and gentlemen. My name is Bruce Robertson. I am a beef farmer from Burrell Creek. Our farm is located on the Manning River just west of Wingham. I would like to thank you for travelling here and holding this inquiry in Taree and for inviting me to attend. We are here today because of the decision to approve AGL's Gloucester gas project made in the dying days of a floundering State Government. It is a decision made in haste, without due consideration of the effects of the project. This inquiry represents a tremendous opportunity for the new Government to review this decision. A decision made in haste often does not stand the test of time.

Allow me to introduce myself. A person is shaped by their experiences in life. As a child I grew up in Canberra. We had a small block in the foothills of the Brindabella Ranges. As a child I used to swim, fish and play in the beautiful little Paddy's River, a rock bed stream that ran through that rock. Today that stream is no longer fishable, it is no longer swimmable, it barely flows. In my thirties I visited a friend of my wife's who lived on the mighty Namoi River. She regaled us with stories of when she was a child. She used to swim in the deep water holes of the Namoi and she said that you could see the bottom 12 to 14 feet down. Today you can barely see your hand. She lives just outside of Gunnedah. Perhaps the most graphic depiction of the state of the nation's rivers is at the pub at St Albans, just outside Sydney, near Wisemans Ferry. It is a beautiful old stone pub and on the wall of that pub is a picture of a wool barge piled high with wool bales. At that very spot you can now step across the river and not get your feet wet. The lack of respect for rivers in this country always surprises me. After all, we do live in a cliché—the driest continent on earth.

My Sydney career was as an investment analyst and fund manager for 16 years. I am well versed in the corporate world. I come from a long line of farmers and despite a city upbringing I always longed to farm. My opportunity came in 2002 and I carefully researched areas to farm. In this great dry continent I wanted to farm in an area of rainfall over a metre a year that was not too seasonal. I was also looking for good soil. These criteria at times seemed too demanding. This narrowed my search down to somewhere well under 1 per cent of the land in this nation. I have resided here with my family in the stunningly beautiful Manning Valley ever since.

My submission revolves around three main issues: Change of land use and the lack of planning of land use; the Manning Valley as a prime agricultural area; and the effects of coal seam gas mining on water quality for domestic use, tourism, fisheries, agriculture and industry. I would like to add, the approval of AGL's Gloucester gas project has a number of facets that lack transparency, are riddled with conflicts of interest and have the potential to cause great harm to our community. The people of this valley cannot hope to have confidence in their leaders if these issues are not addressed. These are issues that can easily be fixed. I do not propose to present you only with problems; I can present you with solutions. In summary, the approval of AGL's Gloucester gas project was taken at the eleventh hour by a floundering State Government and nothing less than a total review of the entire process is warranted. Thank you.

The Hon. Dr PETER PHELPS: When we were in Queensland we met with farmers who believed that it was compatible to have coal seam gas and agricultural operations running concurrently on their farms. What makes you believe that the two are incompatible in this instance?

Mr ROBERTSON: Thank you for the question. There is a fundamental difference between the agriculture that is carried on here and that in Queensland, where you probably visited, I assume, around Roma or Chinchilla.

The Hon. Dr PETER PHELPS: Chinchilla.

Mr ROBERTSON: I would assume that the average size of a farm there would be 5,000, 10,000 up to 20,000 acres. The average size of a farm here is probably around 100 acres. You start running a road through 100 acres and put one gas well on it and pretty much that farm is unviable. If we talk about the dairy farmer we saw here earlier today who runs 500 to 600 dairy cows, if you take out 10 per cent of his productive land, I can guarantee you he is in trouble. Ten per cent of his productive land on Oxley Island—I do not think he stated it but it would probably be around 300 to 400 acres. You would need to take out 40 acres of that for the coal seam gas mining—and it does need land. Make no mistake, everyone says it is only the size of a little container but

there is a 20-metre exclusion zone around it and you need roads to link them. That needs land and this, in an area where the size of the farms is small, is nothing less than a catastrophe for the farmer and it makes them unviable.

The Hon. Dr PETER PHELPS: I am not familiar with the agricultural intensity of the land up here but, seriously, is a 100-acre farm in this area financially viable without non-farm income?

Mr ROBERTSON: Yes, in some instances it is.

The Hon. Dr PETER PHELPS: In what sorts of instances?

Mr ROBERTSON: I run a boutique beef business which provides me with a modest income. I do have off-farm income as well; I am not going sit here and tell you I do not. But it is a modest income and without that income, I would have to leave the farm.

The Hon. Dr PETER PHELPS: That leads to my next question. If a farmer who is already on the margins, as it is, wants to get income from coal seam gas wells, why should they be denied that additional income?

Mr ROBERTSON: Well, Dr Phelps, it is very simple. I own a property in Sydney and that property is located in Manly. There are many blocks of flats in Manly. Why can I not build a block of flats on my land? It is the same thing—it is town planning. The town planners have decided that in that section of Manly you cannot do that. Now, why are you denying me the opportunity to build a block of flats on that land? It is exactly the same argument, isn't it? In the end we all have to live somewhere and coal seam gas mining, it appears to me, is going to occur pretty much anywhere on the coast from Sydney north under current legislative settings and under the policy espoused by your Government. It would appear to me that pretty much the whole lot is going to go. There is no land reserved at all. There is no planning. In towns we have planning, as in any other enterprise. I am not allowed to whack a factory on my block in Manly. I cannot erect a block of flats on it; I can only have a single dwelling such as the one that exists there now. Even that is constrained with how much I am allowed to build on it. So, restricting people's ability to make income off their land is not something that does not already occur. It already happens. To me that argument is fallacious because it already occurs. We already do not allow development willy-nilly, do we?

The Hon. SCOT MacDONALD: In your submission you say, "The river flats will have all weather raised gravel roads covering them. There will be 24 hour floodlighting of all 110 wells." I am not sure that we agree that will be the case. The Minister and the Department of Primary Industries would feel very strongly if those raised gravel roads caused any interference to water flows. There will be checks and balances on this. Minister Hodgkinson is very strong on the NSW Aquifer Interference Policy. I cannot say it will be a perfect instrument but there will be a regulatory instrument with a very strict protocol on the drilling and its impact on the aquifers from shallow to deep. I am troubled by the scale that you are alluding to. Even if we get to the maximum production of 300 or 400 wells in this area—which might be two or three hectares—we are talking about 25,000 or 30,000 square hectares, that would result in one or two per cent of the landscape. Everyone understands if it is a small property then the scale of it will be that greater—but I understand that will be overcome by making it horizontal. That would not impact on the smaller properties you are talking about, but if you were to take five hectares from a 100 hectare property there would be a substantial impact. I do not think we are at the stage of making wrong judgements—

CHAIR: Is there a question?

The Hon. SCOT MacDONALD: I am looking for a response to that.

Mr ROBERTSON: I would be delighted. To my understanding the substantial impact is one of the points of your question. First, if you are on a 10,000 acre property and it is over the hill and far away you do not notice it. But if you are on 100 acres and there is a gas well it is almost as if it is in your backyard. Second, it is one of the many public relations untruths that have been spun about mining and agriculture coexisting. I will give you two examples. First, Shenhua Coal, that well-known coal mining company is now one of Australia's largest agricultural landholders. That is the model that is being followed. The mining company buys the land it needs to operate on and the surrounding farms and you get a total change—as we heard earlier today—in community. It destroys the community. What has also happened, and we have seen it more recently, is that we have AGL, that well-known wine making company—sorry, that is right, it is not a wine making company: it is a

gas company—is now the owner of Pooles Rock vineyard in the Hunter. This is happening everywhere, and it is not just broadacre farms. The model is that they buy the farm and then they operate. It is just bad luck for the surrounding farms.

It appears that the mining companies do not think that mining and agriculture can coexist. Why would they be buying vineyards otherwise? To my knowledge winemaking is not a core skill of AGL. It is not one that too many people in the investment community would be looking at when they looked at AGL—they would be looking at its gas production. That really does go to the core of it. This public relations myth is being spun to everybody. I do not have a public relations company behind me. I am a single person. I do not have an organisation behind me. I can only come to you with the truth. The truth is that these companies are buying the land and doing what they want with it. That's it. You can see the reason why the farmers are selling out. If someone comes to you—and you are in your 40s or 50s—and says, "Mr Robertson, we will let you operate the land for another 10 years. We are not looking at developing the block until then. We will give you 50 per cent more than the farm is worth. Sign this confidentiality agreement. Bob's your uncle." Pooles Rock vineyard is another interesting example. It happened to be owned by the estate of the late David Clarke—a very rich and powerful man, whose estate would be worth many millions. Clearly I do not think AGL wanted to tussle with someone like that, so they offered a ridiculous amount of money and get lost.

The Hon. SCOT MacDONALD: May I ask a supplementary question?

CHAIR: Yes.

The Hon. SCOT MacDONALD: I want to take you to your statement about society changes. Can you tell me why a miner is less of a human being than a dairy farmer?

[*Interruption.*]

CHAIR: Order!

The Hon. SCOT MacDONALD: You made that statement or a very similar one.

Mr ROBERTSON: No, I did not. I did not denigrate the miners personally. I said the character of the place changes and there is a difference. You are putting words in my mouth. I never at any stage said that a miner is any less of a person than anybody else here today. We need mining in this country. It is a question of land use and where it is appropriate. As I tried to explain to Dr Peter Phelps, certain developments are not allowed just anywhere; mining is one of those that is. How does that work? How do you reconcile that in your minds as legislators?

CHAIR: I cannot speak for all legislators but I would suggest that most legislators would be required to evaluate that problem in terms of what is the greatest good for the greatest number of people. We are here today because that equation cannot flow. You have to have input from the communities most affected. The Committee is here today to hear your views.

The Hon. JEREMY BUCKINGHAM: As some sort of comfort to you, you can put coal seam gas into Manly. Under the current regulations you can put coal seam gas wherever you want as long as there is coal in the area. That is something that the people of Manly, Illawarra, Casino and Namoi Valley are dealing with. Obviously you moved to this region for a reason. You said you had a background in finance but you probably did not move here to make a million dollars. One thing that is not factored into the equation is the amenity and social fabric of an area. How do you think this issue is affecting the rural amenity and social fabric that you moved here for? It is not only if you have a coal seam gas well on your block but what if your neighbour also does. Some of the industry people are saying they will consolidate the infrastructure in smaller areas, rather than dispersing it. What does it mean to the social fabric of an area if it extends to a neighbour's property?

Mr ROBERTSON: This really runs to the heart of the question. At the very beginning of my introductory speech I said that we do not value our rivers. There has been a succession of governments and people in the agricultural and mining industries who have not valued our rivers. When I moved to the Manning Valley one of the great pieces of amenity that I saw was a river that was still relatively unspoiled, it still ran clear and it had beautiful fish in it for the fishermen of this world. I thought it was a place I could bring up my children. The amenity for me was the beautiful, natural environment. Mr MacDonald said today that the gas wells up at Gloucester will only be linked by a few roads. There are 110 wells and they are on a floodplain. I

cannot stress enough that we seem to have legislation that protects trees, we have legislation that protects this and that and the other, but we can whack a development right onto a floodplain in a high rainfall area.

This is not Chinchilla. This is not Roma. We have rain. When it rains here, it can let lose. If it is on a flood plain there will be roads between the gas wells. They will have to be up a bit because it does rain. There will be mud running off and the implications of that mud are enormous. It is not just for people who like to fish, swim and enjoy the river—the greenies like me who want to see a tree by the river and still be able to catch a fish. It is not just for those people. It is for the industry in this area. For example, the abattoir at Wingham is a major water user. If water costs go up too much it will have to cease operating. Water costs will go up. We heard today that MidCoast Water cannot pump if the nephelometric turbidity units [NTU] are too high—that is the amount of mud in the water. It cannot pump out of the river. It simply does not turn the pumps on. It is already developing the Nabiac bore fields because of mud in the river.

With coal seam gas coming to our valley, they will have to find further water sources. What those resources are I do not know—maybe desalination? I am not a water expert. But there is not a lot around here apart from the river and a few bore fields. They are going to have to find them somehow. The costs of that are horrendous. That will be directly passed onto industry in this valley. When I say that mining will change the character of the valley, it will change it not because of the people that arrive with mining, or because they are miners; it will change it because it will destroy existing industry.

CHAIR: What do you think is the cause of the current NTU increase in the river?

Mr ROBERTSON: I mentioned earlier that AGL and Shenhua Coal are buying vineyards and farmland to do their mining. MidCoast Water, that gave evidence earlier today, is now a landholder of a \$2 million farm in the Barnard Valley. The Barnard River—to run through this with you—is one of the smaller tributaries that flow into the Manning. It is steep country. It is high rainfall country. At one stage last year the Barnard River flowed at 1,630 NTU. The Government has water quality guidelines for rivers that basically state that an upland river should run between zero and 25 NTU. The Barnard River was running at 62-odd times the maximum limit at which ecological damage occurs.

The Hon. RICK COLLESS: Where was it coming from?

Mr ROBERTSON: It was basically coming from farmland.

CHAIR: One could argue then that reducing the size of farms also has an impact on water quality, does it not?

Mr ROBERTSON: No, these are very large farms.

CHAIR: On the Barnard River they are.

Mr ROBERTSON: Yes, they are very large farms. They are not small farms.

The Hon. JEREMY BUCKINGHAM: What sort of farms?

Mr ROBERTSON: Mainly cattle. It is interesting that to try and secure their water supply they are actually buying land, and in a significant way. It was a \$2 million purchase or something, which is not a sheep station but it is still a bit of money.

The Hon. PETER PRIMROSE: You have mentioned that you chose to come here to raise your family. Can you talk about what your family, your children in particular, and your neighbours' families are thinking about their future. What are saying about the possibility of coal seam gas being developed here?

Mr ROBERTSON: I can speak for a lot of farms but the four farms on our road, Latimore's Road, have signs on their gates saying, "We don't want you to enter unless you ring first because we're worried about coal seam gas." Two of my neighbours, Joe and Ewen McEwan, are here today. They are a little further away but they are obviously very concerned about it. There is broad concern, which comes from some pretty basic things. We heard that MidCoast Water, the authority that provides our water, was not even consulted in the approval process. This is not good governance.

The Hon. PETER PRIMROSE: Moving away from the policy side for a minute, what do people feel? What are the kids saying, what are the parents saying when the kids go to bed? What is it doing to families?

Mr ROBERTSON: People are very worried. They are very nervous and they are scared because there is an abuse of process. Due process has not been followed in this approval. The full effects of this development have not been assessed. We have heard today about the effects on our water. What MidCoast Water said is downright scary. They were not consulted in the approval process, they do not know what chemicals are going in and they are trying to test when they do not even know what it is they are testing for. This regulation is something out of the Third World. This is not something we expect from governments in Australia. People are scared out of their minds, and rightly so.

The Hon. JEREMY BUCKINGHAM: I am interested in what you do with your produce. Are you an organic farmer, are you working towards organic accreditation, where do you market your meat? Is the coal seam gas in your region or on your farm going to impact on your brand, your marketing and your profitability?

Mr ROBERTSON: There is a short answer: I am a biodynamic farmer. I market my beef basically to discerning local customers and into Sydney. I sell through Feather and Bone in Rozelle and to an organic shop in Maitland. I am a fully certified Demeter Biodynamic. If there is contamination of the river it will devastate my business. That will be the end of it. However, if there is contamination of the river it will also devastate Wingham abattoir and possibly the entire Australian beef industry. This issue is much bigger than just one little farmer producing beef in the Manning Valley. The way this has been set up, the lack of governance by not consulting MidCoast Water and AGL being the governing body that tests its own water means there is no bigger conflict of interest. The poacher is the gamekeeper. This is very scary. It is poor governance and when that happens you invite disaster. There is a conflict of interest and a lack of transparency and it could affect the entire Australian beef industry if there is a disaster with the water in the Manning Valley. It is not just about me and destroying my business and it is not just about business full stop. It is a water supply. Please do not forget that the intake is below where these businesses are operating.

CHAIR: What is the water source on your property?

Mr ROBERTSON: The water source on my property is the Manning River. I undertook an agreement with the catchment management authority whereby I fenced off the river and I pump out of the river. That was subsidised by the Government. Part of the Government's policy is to try to encourage people to water their stock off the river and maintain the riparian vegetation zone. I have done that.

CHAIR: What about your neighbours? Do any of them have a green way?

Mr ROBERTSON: No, it is not common yet. One of the reasons the catchment management authority quite liked the idea of working with me was that I had a kilometre and a half of river frontage and in one agreement they can basically stitch up 1.5 kilometres of river frontage, which is a significant amount of river frontage for a smaller farm.

CHAIR: What sort of inputs do you have on your land per year?

Mr ROBERTSON: When I took over the place I put a tonne of lime on per acre and since then it has been very minimal.

The Hon. JEREMY BUCKINGHAM: 501.

Mr ROBERTSON: It is just biodynamic preparations, the fertiliser value of which is pretty close to zero.

CHAIR: Is there anything you would like to say in closing?

Mr ROBERTSON: Thank you for listening to my submission today. It would be remiss of me not to thank the Committee again for coming here today. This is the greatest land use change that has occurred in this valley since Europeans first stepped on this soil. The circumstances surrounding coal seam gas mining in this valley are unique. This is not Roma and it is not Chinchilla; it is the Manning Valley. Farms are small and the area is densely settled. We live in a fertile, well-watered environment that is subject to flooding. The approval process has not considered the dire effects that this project will inevitably have on our water supply and how

that water supply will be replaced. I therefore call on this Committee to recommend an entire and complete review of the approval process for AGL's Gloucester gas project.

CHAIR: Thank you, Mr Robertson.

(The witness withdrew)

STEVEN ROBINSON, Psychiatrist and resident of Gloucester, affirmed and examined:

CHAIR: Are you representing an organisation or appearing as an individual?

Dr ROBINSON: I am appearing as an individual.

CHAIR: Would you like to make an opening statement?

Dr ROBINSON: Yes. I am a retired psychiatrist. I have been retired for about three years. For the last 10 years of my working life I had a practice in Gloucester. The adverse health impacts of mining enterprises are a great public concern. Coal seam gas mining is in its infancy and it is acknowledged that its precise adverse health impacts are poorly worked out. Doctors for the Environment Australia have stated that a health impact assessment is essential. Surveys of affected coalmining communities show mental health impacts feature highly, though this is not reflected in legislation, consent conditions, monitoring and harm minimisation activities. The community anger and stress about coal seam gas exploration reflected in the formation of Lock the Gate et cetera, leads me to expect an increase in mental disorders in the affected communities. The recent community survey in Gloucester, where coal seam gas mining has been approved, by Gloucester Council of Exploration and Mining showed 85 per cent of respondents thought mining should not occur in scenic areas such as Gloucester and 70 per cent believed the health impact to be very high with stress rating the highest. The Government is acting contrary to the wishes of the people; hence, I believe, much of the anger.

My hope is that since coal seam gas mining is a new industry the opportunity will be taken to include mental health specialists amongst those designing a new framework for legislation, consent conditions, monitoring and harm minimisation. It will be essential to screen the affected community prior to commencing any mining so that any noise and fine diesel particle-induced decline in cognitive skills and emotional abnormalities will be detected. The failure to match the health screening that is mandatory from miners prior to working with a health screening of the potentially affected community has made it very difficult to prove health damage in individuals in the community. Consequently, extreme anger exists in the community at the failure to recognise and compensate for their suffering. This anger further exacerbates adverse health effects. The cumulative effect with coalmining-related health damage and the difficulty in determining what amount came from which source may mean any compensation should come from a fund contributed to by every mining company and an independent tribunal should be set up to manage compensation for health and property damage.

CHAIR: Very erudite. In budget estimates hearings in Sydney last week we were examining the Minister for Resources and Energy. Under the Mining Act an amount is hypothecated into a fund to account for restoration works should a mining company go broke. Currently it is about \$1.2 billion we are told. Mental health is equally important, if not more important, from a restorative point of view. What sort of resources do you believe should be made available for the types of studies you would like to see done? Bear in mind that this process could be repeated over and over again in different parts of the State and different localities over the next 10 or 15 years.

Dr ROBINSON: There is a need to do basic studies, as you say and, at a guess, it would cost a few hundred.

CHAIR: Probably a million, would it not?

Dr ROBINSON: Maybe a million, I do not know.

CHAIR: And in your view, would those studies be done by an independent organisation such as a university? Who would conduct those sorts of studies?

Dr ROBINSON: Yes. I know at Newcastle University there is a department that is interested in just such a thing and they have written various papers about the effect of mining on communities.

CHAIR: Are you aware of other jurisdictions anywhere in the world where that sort of thing has been done before?

Dr ROBINSON: No.

CHAIR: No reason why we should not be first?

Dr ROBINSON: Well, that is right. I think the mental health impact is substantial and it does need a lot more work put into it. I am aware that there are a few suicide epidemics and certainly when I was in practice I saw lots of individual cases where the stress of mining appeared to be a substantial stressor. But one person's private practice is not enough to prove it. It certainly made one suspect that mining is a major stressor and I believe people should be compensated for that.

CHAIR: We had a hearing in Casino where again it might have been a retired practitioner who made similar comments to yours. Even though you are no longer in practice, have you been able to ascertain any trends in your own community or have you seen aberrations? How do you see this as being expressed in your own community?

Dr ROBINSON: I retired three years ago and, as far as coal seam gas in Gloucester Valley is concerned, it was still in the exploration phase. But as I think several people have already described to you, probably the exploration phase is maybe the most stressful. I did see some people where there was coal seam gas mining on their property but it was mainly coalmining—there are two open cut coal mines in the Gloucester Valley. I saw lots of people who got depressed because their life plans were ruined. People live near coalmines where there is regular blasting and I saw people who used to have panic attacks every time there was a blast. Some people come to the bush to escape, so it is not unusual to see the occasional paranoid person and when they have coalminers or gas miners constantly knocking on their doors wanting to buy their land off them, they get a bit more paranoid. Usually the stress of mining reactivated mental problems in people who had had such problems in the past but in some cases there were people who talked about the stress who had had no previous mental illness. So, as I say, it is mainly a stressor that reactivates old problems.

CHAIR: This General Purpose Standing Committee No. 5 and various select committees have conducted inquiries into things like wind farming and seen similar sorts of things said in those communities. I have spent a bit of time in the Riverina, looking at the devastating effect on a timber cutting community when its forests are turned into national parks. So it does not seem to be just mines, it appears to be all sorts of things that create sudden change in a community that seem to create these sorts of problems.

Dr ROBINSON: Yes, I agree.

The Hon. RICK COLLESS: Dr Robinson, following on from what the Chair was saying about the similar effect of wind farms, I was also on that Committee and we took a lot of evidence about the issue of infrasound, which you refer to in your submission. Could I ask you if that is a physical condition or is it purely a mental health condition that affects people, or is it both?

Dr ROBINSON: Well, it is both. As the frequency gets lower, it changes from an acoustic, a sound problem, into a vibration problem. So we cannot hear the very lowest frequencies of less than 20 cycles per second but the vibrations still cause problems and the body reacts.

The Hon. RICK COLLESS: So that is more a physical condition, is it?

Dr ROBINSON: It is disrupting and affecting your nervous system as well as your body. That science is still in its comparative infancy. I think the best examples that they give are of it affecting the cardiovascular system. The vibration causes thickening of the walls of blood vessels, which reduces the flow of blood through those vessels. Similarly, it will cause abnormal activity in the nervous system which could result in anxiety, depression and so on.

The Hon. RICK COLLESS: You also raised the issue before of solastalgia.

Dr ROBINSON: That is a word which had not been in the language before, so most people take a step back when they hear it. My take on solastalgia is that it is a grief for a landscape that has been loved and is now lost. If you travel from Singleton to Muswellbrook, you can understand why anyone living in that devastated landscape would be feeling grief stricken. That is what the people of Gloucester fear—that our loved landscape will become like that landscape.

The Hon. RICK COLLESS: You commented a few moments ago that in many cases the exploration phase is the most stressful, probably more stressful than the production phase. Is that what you mean?

Dr ROBINSON: It is the start. We have not had the production phases, but I anticipate that in the production phase, if you had a gas well 200 metres from your home, the noise would be a significant problem. It is not just infrasound—infrasound is interesting—but people are having their sleep disrupted regularly. Each well would need some power source and I think that diesel generators will probably be the most common one, according to discussions that I have heard. So if there are diesel exhaust fumes, the fine particles of diesel can cause damage to the nervous system. In New York, where they have investigated it, it has lowered the IQ of five-year-old children by five points. I do not know whether the emissions from a gas well will get to a level that it will cause that degree of damage although I think it is already happening in the Muswellbrook area. It needs to be investigated and I have asked AGL to do so but it has not done it. AGL is allowed to do flaring with virtually no monitoring being done in the exploration phase. The consent conditions are very lax indeed. So they have done all that flaring and they flare for about six months or more and they have flared 200 metres from people's homes.

The Hon. RICK COLLESS: That is certainly an inconsistency in the regulations because as soon as they start collecting the gas, it is classified as a production well and they are not allowed to produce from it, so that will need sorting out.

Dr ROBINSON: I have talked to people from Camden and they told me that, although the well must not be closer than 200 metres, that once the well exists, they can then build a house 20 metres from a well. Those people will not be entitled to any compensation but those houses will probably be rented and just because the land is valuable, there will be obviously a far greater danger for anyone living that close to a well.

The Hon. RICK COLLESS: Going back to the discussion we were having a moment ago about the exploration phase being probably the most stressful, is that largely because it is the unknown approaching, if I can use that expression? They do not know what they are facing and therefore it is stressful for them?

Dr ROBINSON: Yes, I think it is adjusting to a sudden, new, unexpected situation and because the company is usually very big and their attempts to say, "No, I do not want it. Go away" fail, they feel hopeless and helpless and that is what causes depression, which would be the most common result.

The Hon. GREG DONNELLY: Thank you for coming along and providing some additional evidence this afternoon. In your submission, on page number 3, you have the heading, "What are the effects on the individual of this general stress on residents of a town and valley?" Can you explain to us your thoughts or your firsthand knowledge about the impact of tensions created in the community, the general social fabric, when you have a scenario whereby you have some members of the community being pulled in one direction and others being pulled in another direction? How does that play out in the community in the short, medium and long term? I do not know whether you have the expertise to answer that, but if you do, I would appreciate your thoughts about what is the impact on communities when you have these competing demands on a position?

Dr ROBINSON: Well, I think it makes social situations often very difficult, to discuss things like mining. If you have, let us say, one person in the household who is not employed by a mining company and is on a low wage or is unemployed and another member who is on an above-average wage and one member who is keen on the environment and another one who is aware that their employment is destructive of the environment, that it is just a situation that generates ill feeling and family disharmony. We see it played out in our local newspaper or if someone stands up and gives a talk about something, it generally leads on to a bit of aggro. That is not a helpful environment for a community in the long term. We can have differences of opinion but when it goes on for months and years, that is when stress conditions would usually eventuate.

The Hon. GREG DONNELLY: Would you distinguish that from a community that has traditionally been a mining community? For example, a community that historically has been a mining community, where people have generally coalesced around that industry in their employment or related employment, is a different scenario from a mining industry entering into a community that has not traditionally been a mining community.

Dr ROBINSON: I agree that is a good way of illustrating it. I have not lived in a community that is entirely mining, but I would not expect that family discord to be occurring there.

The Hon. JEREMY BUCKINGHAM: The Committee visited Chinchilla and I was affected by what a woman said to me during that visit. She said she was sick of talking about it. In a literal sense she was sick of talking about it but I also think she was becoming sick from talking about it. What is the affect on communities

and individuals? You said before that time is a factor in anxiety and fatigue, which then leads to other stress and anger. Will you elaborate on what affect the time factor has on people in dealing with these issues over months and years? Does that exacerbate the level of stress and anger?

Dr ROBINSON: You saying, "sick of talking about it" made me immediately think of my own situation. We purchased a property outside of Gloucester 18 years ago and I rapidly joined the local environment group. The activities of the environment group used to be going on nice walks and community projects such as gardening and clearing up. Increasingly the environment group has been called on to do mining submissions, so much so that now I spend four or five days a week being angry and I am not an angry person. I can very much relate to that lady.

CHAIR: I am not laughing at you. I suddenly thought that is what happened to the people I represent in about 1992: we started not enjoying ourselves anymore hunting and fishing and became angry young men.

Dr ROBINSON: If I did not have breaks from it from time to time I am sure I would suffer from depression or whatever.

The Hon. JEREMY BUCKINGHAM: I cover the Mining portfolio for The Greens and I have talked to a lot of people. I found it hard to comprehend the issue of noise, disturbance of sleep and those sorts of things. Noise can be a significant contributor to mental health issues, can it not?

Dr ROBINSON: Yes.

The Hon. JEREMY BUCKINGHAM: The noise from the mines was something that was commented on by a lot of people in the coal mining communities I have dealt with. Sometimes I would say, "What noise?" People would say, "Can't you hear it?" I would say, "No". They would say, "Wait". The wind would blow and I would say, "I can just hear it." It was just there. I did not even notice it but to them it was an irritant that was driving them barmy.

Dr ROBINSON: If you move to an area for peace and quiet you become used to a lower background level. So the mining regulations assume that the quietest that it becomes at night-time is a background reading of 30 decibels. In a town that probably is the background level on a quiet street, but in the bush it is probably more like 20 decibels. This is relevant because if you have about a 15 decibel increase in background noise it is likely to wake you from sleep. All the legislation is written under the assumption that 30 decibels is as low as it goes. If you have a coal train passing by half a dozen times during the night the absolute sound level may not be a noxious one from the regulations point of view but, if it is waking you up, it is disturbing your sleep. Your sleep is the time when you are going over the activities of the day, your memories are being laid down and your emotions are being sorted through—that is the sort of thing that happens in rapid eye movement [REM] sleep. If you are constantly being woken then this is being disrupted and it is likely to lead to mental disorders.

The Hon. SCOT MacDONALD: How do we address the generational equity that you touched on in an earlier answer? As I look around here the older generation have established their assets and have done well; some have moved here from Sydney for a life-style change. How do we say to the younger people, "Sorry, you are going to have to move away because the opportunities are elsewhere"?

Dr ROBINSON: I think we need to be making opportunities for them so that if we take away mining from the Gloucester Valley it should be replaced. I would love to see solar energy or wind energy in Gloucester Valley. Coal mining has not been a boon to us. We have had coal mining for 15 years and the average wage in the Gloucester Shire is \$32,000 per annum. They employ 125 people. It has not been a boon to Gloucester Shire. The coal seam gas industry is only employing about 20 or 30 people at the moment. It is not going to be an economic boon. These other industries will employ more people. We need to phase down coal but introduce something to replace it, which will provide those opportunities for young people.

CHAIR: Thank you for taking the time to come along today. It is sometimes difficult to get the type of expertise that you bring to the table into these equations. We are very grateful that you have been able to share with us the benefit of your experience.

(The witness withdrew)

MICHAEL JOHNSEN, Councillor, Upper Hunter Shire Council, sworn and examined:

CHAIR: Before commencing questions, would you like to make an opening statement?

Mr JOHNSEN: Yes, thank you. First, I would like to thank the Committee for holding public hearings around New South Wales and for the opportunity to be able to provide evidence. I appear today both as a resident of Scone and as a councillor on the Upper Hunter Shire Council. My evidence and recommendations are taken from the Upper Hunter Shire Council's submission to the inquiry, No. 326, and my own submission to the inquiry, No. 732. In providing my submission and participating in the formulation of the Upper Hunter Shire Council's submission I bring to the table my membership of the Hunter Gas Project Community Consultation Committee. That community consultative committee covers petroleum exploration licences Nos 4 and 267, covering a geographic area from the lower Hunter to the upper Hunter. The petroleum exploration licences cover the Cessnock, Singleton, Muswellbrook and upper Hunter local government areas.

CHAIR: Who is the proponent of the petroleum exploration licences?

Mr JOHNSEN: AGL. Additionally, I have participated extensively in research visits to gas fields in the Dalby and Roma areas of Queensland, and Camden, Gunnedah and Narrabri in New South Wales. During those visits my fellow councillors and I have had the opportunity to meet with local government authorities, farmers, shopkeepers, general community members, coal seam gas companies and environment groups—although not all groups were visited on all occasions. On the basis of the current State Government's policy of obtaining full environmental, water and agricultural impact statements prior to the granting of an exploration licence, the Upper Hunter Shire Council and I submitted views that may be recognised as potential "gaps" in the processes of the eventual granting of a production licence to any company or individual seeking to extract coal seam gas.

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 terms of reference will logically follow on. 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 production and efficiency of resources and, most importantly, protection of our environment. To me it is all about chosen lifestyle as an individual, family unit or the community as a collective. As humans our instinctive drive for improvement and natural curiosity for invention and the "need to see what's out there" will not go away, and governments need to facilitate that in a responsible way.

Thankfully many of our forefathers had the "exploration mentality". Without that we would not have had many of the items and comforts we now enjoy as food, clothing, housing and transportation. Probably the most important areas of innovation we hold dear are health and education. They have benefited from the natural curiosity of humans to explore the boundaries, be they physical or otherwise. The key issues to the Upper Hunter Shire Council and me are: the effect on ground and surface water systems; the legal rights of property owners and property values; local government, including the provision of local regional infrastructure and local planning control mechanisms; a strategic land use policy; community engagement and consultation; and the impacts on the local economy and the labour markets.

CHAIR: I take it that coming from that particular council, even though you are on the northern rim of what one would call the large coalmining area in the Hunter Valley, your council has probably had to deal with a number of those issues with some of those mines and other mines that did not go ahead. It has been said to us that the Mining Act is somewhat more balanced in relation to its treatment of landholders and the mining companies than is the Petroleum (Onshore) Act. Does your council have a position on specifically how you would like to see the legislation relating to property rights improved, changed, increased or whatever?

Mr JOHNSEN: The council itself has not necessarily come across a position on that.

CHAIR: Do you have some personal views?

Mr JOHNSEN: Yes, most certainly. In fact, I made some specific recommendations about the legal rights of property owners and property values and the reasons for them. There is significant angst amongst our community—there is no doubt about that—over the potential for explorers essentially to ride roughshod over the landowner. The balance of power seemed to lie with the explorer, importantly, on behalf of the Crown.

Perception or reality, this needs to be clarified and certainty needs to be provided for all parties. I have specific recommendations: that the Crown restore royalty rights to freehold landowners; and any landowner going to mediation be allowed to have legal representation as a matter of course at the hearings. A solicitor specialising in this area told a community forum that the Upper Hunter Shire Council held over two days recently that a landowner is not allowed to have legal representation at the point of mediation. To me, that is just a basic flaw.

CHAIR: Gun to the head stuff, isn't it?

Mr JOHNSEN: It could be seen as such. Any landowner should be allowed legal representation at the hearings. In fact, they should not be allowed in unless they have it. Any compensatory agreement should require minimum standards of remuneration and remediation to the landowner throughout the whole process, from exploration to the completion of production. An example we had on our visit to Roma, in particular, was that there were landowners who were happy to accept \$500 per annum per well and other landowners who received a minimum of \$5,000 per annum per well. It was cynically or otherwise explained to us that those people who were for some reason happy to accept \$500 per annum per well thought that that was a reasonable amount of money based on their own position. We all know that in reality they were being ripped off. That needs to change. There needs to be a minimum level and a minimum standard and if there are further increases in remuneration negotiated between the landowner and whoever the explorer is, so be it.

CHAIR: I take it you recall that the Upper Hunter Shire Council was involved in the wind farm inquiry at the same time. Similar issues occurred there.

Mr JOHNSEN: Correct.

CHAIR: The numbers were much higher but the issues were similar. Would you say that mandating a standard set of legal parameters—a standard access agreement—might be one way to go?

Mr JOHNSEN: I think it is a critical way to go. If there is not a base minimum standard and there is not an open process within that standard all it does is serve to further the community's feeling of dislocation and that they have no real influence in the decision-making process, and they should have. Whether that comes through a local council or directly through a community consultative council or the landowners, there must be a minimum structural set of standards so that everyone can rely on a base minimum level of information. Again, if a particular landowner is fortunate enough, for one reason or another, to negotiate a higher price than that, good luck to them. It is an open market; we do not live in a society where we are restricted to the point where we cannot earn any more than we thought.

The Hon. JENNIFER GARDINER: The Upper Hunter has had quite a few mentions at this hearing today. Are there any lessons for communities dealing with the opening up of new mining projects that could be learned from the Upper Hunter and applied to an area that is not quite as exposed as the Manning Valley and potentially in the Gloucester Valley?

Mr JOHNSEN: You may or may not be aware that the Upper Hunter Shire was involved in a process for the Bickham Coal operation and assisting the thoroughbred industry. For those of you who do not know I will get a plug in here: we are the horse capital of Australia, and second only to Kentucky.

CHAIR: So we heard.

Mr JOHNSEN: Good. The Premier at the time, Premier Keneally, came up and made the announcement that the Bickham Coal open cut operation was not to go ahead. That did not exclude underground mining but it did put a stop on the open cut progress. We arrived at that because the community got together, led very well by the thoroughbred industry, and had a collective will. It was involved in many parts of the process, whether they were public meetings, most of which were facilitated by the Upper Hunter Shire Council, or individual or collective submissions. Most people agreed there was too much risk—in fact, everyone agreed—for this particular operation to go ahead because everyone essentially had the same concerns. It was about water, and to some degree the amenity, and the risk it would have for agricultural production, whether it be thoroughbred breeding or cattle breeding or whatever the case may be.

From that and our discussions on visits to south-east Queensland and other gas fields it is important that we recognise that this industry has some credibility. There is no reason why this industry could not go ahead. However, you legislators need to make sure that we get the legislation and the regulation correct before you

allow the somewhat unfettered explosion, which seems to be the case in Queensland in particular, and learn from those experiences and get the community involved. Make sure you do not let things go ahead before regulation is properly in place and agreed to by the majority of the community. I talked before about the processes of getting the community involved. If your local government is not spun centre to this whole process, being the micro community representative, the industry itself and the State will be allowing this development to occur because these are Crown assets. The explorers and extractors of coal seam gas or coal or any other mineral are only taking out what you allow them to take out. You need to make sure that they do it in an acceptable manner with the risks properly mitigated and with 100 per cent local input from day one. You need to make sure that the councils and local communities are front and centre in any piece of legislation.

Issues such as aquifer interference policy and so forth are all very well but how many people actually understand what that means? In my experience, when you talk to people about an aquifer they conjure up an image of a pool of water below the ground. Nothing could be further from the truth. I suppose in some parts there are pools of water but it is generally not the case. We are talking specifically about coal seam gas. I have a small property with a well and a bore on it. The water we use runs through gravel and it is only 20 feet down or in some cases 50 feet down. Coal seam gas companies, as I understand it, are going to go through a process I have never gone through, and nor have any of my neighbours, to extract water from the ground in the first place. We need to make sure that if the community is involved and the information is out there this industry can go ahead, but it needs to do so properly and to be well regulated and well monitored. One of the things that we should be looking at is a mineral resources Ombudsman, an independent body that can impart information to everyone. That Ombudsman would be someone the community can rely on. We should also use universities as much as possible for any form of peer review. The more independent it is, the more likely there will be a lot less angst in the community.

The Hon. GREG DONNELLY: On page 4 of your submission No. 732 under the heading "Local Government", there are four dot points. What is the background to their development? Are they your reflections or the council's reflections? How have they come together? There are some interesting points in there that we have not been exposed to before.

Mr JOHNSEN: Essentially it is both. It has come about from my experience as a councillor on the Upper Hunter Shire Council. It is clear with regard to coal seam gas that from the initial seismic testing to full-on production there are impacts on local infrastructure. My understanding is there is no recourse for local government to draw compensation specifically to assist in paying for any additional impacts, whether they be truck movements or any work that needs to be done on behalf of the local community. This goes back to the issue of compensation. It is not just individual landowners who should receive compensation but the community at large. The recommendations include that local government should be given the right to charge a nominal contribution from the explorer based on the actual indexed costs per annum times the expected time frame from prospecting to complete production. This would be paid at least annually and by the licence holder at the time. So, in other words, if the initial explorer was granted a licence to do so and developed it to a point where they sold it to another company for the purposes of production, whoever held that licence from time to time right through to its completed production, there was at least compensation for direct costs, and they are quite easily identified.

The Hon. GREG DONNELLY: That was my question about the costs. Can you just describe what costs you are referring to there?

Mr JOHNSEN: It is essentially around the road networks. You mentioned before the wind farm debate or discussion in the Upper Hunter. There will be significant impact on local roads during the period of phase-in construction. It is quite easy to determine the state of the road prior to any work being done and it is also quite easy to monitor the state of the road on an ongoing basis. Local government needs to be able to be given the clear provision to be able to recover those costs.

The Hon. GREG DONNELLY: Your next point about the community infrastructure fund, you would envisage that that would be something that would be established by a piece of State legislation through the Parliament and would prescribe some formula of sorts that is calculated to provide for a fund in each local government area?

Mr JOHNSEN: Correct, or wherever the exploration and/or production were to occur. The reason we came up with that was because a big theme that came through from local government in Roma and Dalby was that there were significant monetary benefits that could go to the local community that were not seen in New

South Wales. If it were mandated that there was some form of community infrastructure fund—I do not mean for this fund to be utilised for the purposes of road maintenance but it is meant to provide additional capital for the new and/or improving wider community facilities. I gave an example of a swimming pool. If you needed a community swimming pool, that could be funded out of such a fund. It does not really matter what it is, whether it be a library or swimming pool, it is essentially about providing new infrastructure for the benefit of the whole community.

CHAIR: Councillor Johnsen, are you aware of the legislative framework in Western Australia where 25 per cent of all mining royalties are hypothecated against regional communities? Provided one has a framework for distributing that where it is needed, is that something you consider you would be looking at?

Mr JOHNSEN: I am aware of the Royalties for Regions program in Western Australia; I am not aware of the actual detail. Whatever you would like to call it, I do not really care. As long as there is an opportunity in those local government areas for direct input of money into a community infrastructure fund.

CHAIR: In a lot of those communities, within the communities themselves you have two-speed economies—that was pointed out to me at Gunnedah in relation to the coming mines there. If all of a sudden all the housing in the town is taken up by people who will pay \$600 a week, you run out of community housing and community housing could be provided by local government to make up the shortfall. Is that the sort of thing you are talking about?

Mr JOHNSEN: I suppose potentially it could. Personally, I am a little reluctant to have local governments investing in housing, I do not think that is its role. However, where you do have this so-called two-speed economy, I do not see that that could or should necessarily be excluded.

CHAIR: But it is local government that has to pick up the cost of the dichotomy in the local economy, is it not?

Mr JOHNSEN: Yes.

The Hon. JEREMY BUCKINGHAM: Thank you, Mr Johnsen. Obviously this submission focuses primarily on adaptation and mitigation and I think this reflects the experience you must have in the Upper Hunter. I can see the ambitious recommendation there on page 5, that "the Crown restore royalty rights to freehold land owners"—good luck with that. You state on the last page:

I believe a whole-of-Government approach should be consistent with ensuring that first and foremost the local community not only feel part of the decision-making process but have the ability to provide meaningful input into the industry's activities.

Is not the most meaningful way that a community can have input into the decision-making process is to make the decisions themselves? Is not the most meaningful way for them to have input for them to determine what happens in their community? Should we not consider giving local government or groups of local governments a role in local environmental plans or bioregional plans and a role in determining what mining happens where?

Mr JOHNSEN: Thank you for the question. I will go back to the beginning of it where you said that the community having the ability to make the decision is probably the best way. I respectfully put it to you that, if that is the case, what are we doing here in a State Government inquiry?

The Hon. JEREMY BUCKINGHAM: I am all for regional governments.

Mr JOHNSEN: I think through the regional organisations of councils—and it is well recognised that there is, in the Hunter councils, a plethora of examples of good working models of regional organisations of councils—there is no reason why, collectively, a local government area should not have input as well. I am not aware of anything in the current rules that prohibit that from happening now. For example, why did the Hunter councils not make a submission to this inquiry—or did they? I do not know. You do have the triple Cs—the community consultative committees. On those triple Cs you have local government representatives and community members of no particular background who simply have an interest in ensuring that the processes that take place—in this particular case with regard to coal seam gas—are carried out properly, transparently and essentially to the benefit of the community.

The Hon. JEREMY BUCKINGHAM: Should not councils be able to say no to mining? Should councils have the right to say no because at the moment, with new planning legislation State significant

development, division 4.1, a higher level of legislation can overrule a local environmental plan. The Planning Assessment Commission makes a determination based on a recommendation from the Planning Department. Should councils be given more weight—a right of veto—in the decision to bring a State significant development, a mine or coal seam gas, into the community?

Mr JOHNSEN: Until the State is prepared to hand over the assets of the Crown to local government, I do not see how you are going to make that work.

The Hon. SCOT MacDONALD: Can I go on from what the Hon. Jennifer Gardiner said before? What would the Upper Hunter and Scone look like without mining?

Mr JOHNSEN: You may not have been there but we do not have any mining within the boundaries of the Hunter shire.

The Hon. SCOT MacDONALD: Any more.

Mr JOHNSEN: Any more. We do not—simple as that.

CHAIR: Was Dungog in your area?

Mr JOHNSEN: On the boundary. We have drawn a demarcation line. We do have a desire, as a council, to exclude as much of our shire as possible from open cut coalmining in particular. Please do not misrepresent that in any way to believe that coal seam gas or other extractive industries could not operate. In fact, in the submission the council put together, there is a map which effectively provides some indication of potential exclusion zones that are for open-cut mines. I am the Chair of the Economic Development and Tourism Committee of the Upper Hunter Shire Council. We market ourselves quite successfully as the oasis from the working day in the mines, because they are only 20 kilometres away. People do want to go and work in the mines. Generally it is because they like the money. Let us face it, it is 2½ times the average annual wage. Who would not want to go there and work and earn a very good living? But they also do not necessarily want to live in the middle of them. They want to live in the horse capital of Australia.

CHAIR: Councillor Johnsen, thank you for coming and giving us both those presentations. They are both very informative and it is good for the Committee to get an idea as to how some of these issues have been handled by a local government organisation.

(The witness withdrew)

(The Committee adjourned at 5.11 p.m.)
