

Lloyd Pastoral Company Pty Ltd

Wieambilla
M/S 423
Chinchilla Qld 4413
Phone 07 4662 7097
Fax 07 4662 8386
Email lloydpastoralco@bigpond.com

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Committee Secretary
Senate Standing Committees on Rural Affairs and Transport
PO Box 6100
Parliament House
CANBERRA ACT 2600
Email: rat.sen@aph.gov.au

To Whom It May Concern:

Submission: Inquiry into management of the Murray Darling Basin – impact of mining coal seam gas

We make this submission as landholders affected and concerned by the rapid and unrestrained development of the coal seam gas industry throughout Australia, in particular the Surat Basin of which we are located.

Our major concerns lie over that of under underground water and the impacts and threats this industry poses to this critical resource. We believe too many mistakes have been made in the past in the name of economic prosperity and believe that the Government is overlooking so many critical factors that could have dire implications in years to come. Science, not jobs and royalties, must lead the development of this industry as there simply is far too much at stake.

At present we are seeing and hearing about many of the negative impacts this industry has as a result of the techniques it uses emerging from around the world. We firmly believe we should be slowing things down ensuring we don't go down that same path.

We want to ensure from the outset that we are not anti-CSG; just extremely concerned. We believe that if we have to have a CSG/LNG industry then we have one that is sustainable, and one that does not jeopardise the long term prosperity and existence of people, their lifestyles and communities, businesses, other industries and our environment.

History

For the past 10 years our family has been dealing with the emerging coal seam gas industry through both Origin and QGC who have tenure over our property. It has been a challenging experience when you factor in the emotional, financial and physical implications this industry poses, particularly when you have no choice or right to say no to the intrusion.

Lloyd Pastoral Company Pty Ltd as trustee for the Wieambilla Trust

ACN: 118 873 64

ABN: 34 957 552 764

Our property Wieambilla lies 28km south west of Chinchilla in the hub of Origin's APLNG and BG's QCLNG projects and sits on top of the renowned Undulla Nose, a significant gas reserve in the Surat Basin. It is a productive piece of country, purchased by our family in 1968 and it is the foundation of what we consider to be a valuable agricultural enterprise.

Our property comprises two blocks "Wieambilla" and "Talinga", which adjoins the Condamine River, and in total comprises almost 3200 hectares. Over these two blocks we run a 5000 head beef cattle feedlot, 1100 hectares of quality farming country growing both summer and winter crops, with the balance of grazing country being used as part of our backgrounding operation.

The advantage of our property is the future opportunities it provides. With a license to expand our feedlot up to almost 11,000 Standard Cattle Units and a licensed allocation from the Condamine River, we believe we are in good stead to further diversify and expand to meet global food demand in the years ahead. Developing our feedlot license would give us the ability to feed and turn off anywhere up to 40,000 head annually, and while our river allocation would provide water to that venture, it could also allow us to diversify into irrigated cropping.

My husband's parents worked tirelessly to build the business we have today and in 2009, after a lengthy succession plan, we took over the running of the operation. Both Scott and I have a passion for cattle, a life on the land, and remain committed to pursuing a future career contributing to Australia's beef industry.

At present we turn off up to 20,000 head of cattle supplying both the domestic and export markets. We value our business believing we make a valuable contribution to our sector, remain committed to being environmentally astute, and acknowledge that we're only custodians of our land and have an obligation to preserve, and ultimately improve it, for future generations.

At present Origin have 18 operating CSG wells on the western portion of our property which have been constructed over the past two year period. QGC has commenced proceedings to develop their field, and while we are not clear of their intentions at this point in time, predict we will be looking at up to 25 more wells. A third petroleum lease over the northern tip of our property will at some stage be developed and just recently we've also been informed that Metrocoal, a company with mining tenure over us, will be proceeding with exploration works in the near future.

With so much potential development looming, it raises a huge issue of uncertainty for our future. We are reluctant to carry out any major developments in the short term purely because we don't know what is around the corner. We certainly have our days where we question if our future both in the agricultural sector and at Wieambilla is worth pursuing and question how successful co-existence can be achieved when so much risk sits with us, the landholder.

The sustainability of water aquifers and future water licensing arrangements

This issue would perhaps be our biggest concern. As landholders one hundred per cent reliant on groundwater for our business any threat to this resource cannot be taken lightly.

Under the Water Act 2000 we hold a licence to the right to take 120ML of water per annum from the Kumbarilla Beds for stock intensive purposes. This licence allows us to capably water 5000 standard cattle units per annum. It is widely accepted by both the Department of Primary Industries and Fisheries and the feedlot industry that 24ML per annum is required to water 1,000 SCU meaning our take is within the accepted industry standards.

We also have two stock and domestic bores also drawing water from the Kumbarilla Beds that supply water to the balance of our property.

After advice in 2006 from a representative of the Department of Environment and Resource Management (DERM) we were encouraged to commence monitoring the standing water levels in all of our four bores due to the onset of the CSG industry. We commenced taking readings that year and in effect have been able to gauge the standing water level from when the bores were drilled through to now. As part of our feedlot license we are also required to annually test for certain quality attributes.

It was mid 2010 that we noticed a continuing decline in two of our four bores and it was at this point that we started to question whether perhaps CSG development was having any impacts. With a total of 165 CSG wells on or within a 5km radius of our property, three large residential mining camps within 10km, and knowing that more major development is imminent, we were concerned.

It was at this point that we raised the issue with the relevant authorities and the companies. The processes for making such complaints were initially poor and we struggled with getting the right advice. This highlighted a big problem within the regulatory framework and we would like to think that this issue has been addressed.

The companies were both contacted. One took a very proactive and swift approach to addressing our concerns while the second was very slow to act. Eventually the State Government took an interest in our situation and pretty much have used us as a test case.

The two companies and DERM have all compiled desk top reports on our bores and all drew the same conclusion that "CSG was the least likely reason as to why our bores were declining". They all concluded that it was more likely to be the result of seasonal conditions or overuse of the aquifer. It was at this point that we realised the complexities of proving or disproving anything. How could a landholder put a successful case forward when they were dealing with corporate giants who have access to unlimited resources? We are not hydrogeologists, but we personally take a very rigorous approach to water because it's so pivotal to our operation and have tried very hard to get a solid understanding of how it works in our own region.

While the CSG companies seem to have already given themselves the all clear, it was agreed that they and the Government would contribute to carrying out a six month monitoring

program to assess what is potentially going on. We are currently in this process and expect to review the situation toward the end of this year.

We certainly believe that a lot of data is missing when it comes to industry impacts and more research should be undertaken to establish any long term damage that may arise. While many individual companies have compiled their own studies on where they expect their impacts, if any to be, we are still waiting on a cumulative assessment and this information should have been compiled well before the industry was able to continue. The Queensland Water Commission is expected to have this data together by the end of the year but it provides little comfort to us with producing CSG wells on our land and no good obligations in place with either CSG company.

In the past so many mistakes have been made when it comes to sustainable water management and so much work has, and is, going into correcting those errors. It defies belief that then, one industry has the right to extract unlimited amounts of water from the Great Artesian Basin, an already over allocated groundwater system.

Balance is the key to this argument and we must ensure that nothing is compromised for the sake of this very short lived industry.

The property rights and values of landholders

We maintain that anything that affects your life, your family, your business or your home is going to be met with some resistance and for us personally our concerns initially focused solely on our own backyard. However in recent years as more information has become available we have realised that this issue is so much bigger than us. It is going to impact differently from region to region and neighbour to neighbour and there is no such thing as “one size fits all” approach.

I think it is so very important to acknowledge that signing off on a compensation agreement on paper is so easy in comparison to watching that agreement come to life. The development phase of a gas field on our property has been one of the most difficult experiences for us. The process highlighted so many things that we had never really considered before agreeing to it.

We believe that this development goes against the social fabrication of living on the land. We now share our property with unknown people who can access our property at any time of day or night. Biosecurity control is an important aspect of our feedlot operation and we hold real concerns that this could be compromised in the future. We now have to think about the way we carry out our day to day activities, how we operate our businesses, and whether we have to notify someone else of something that we need or have to do.

Well density is also a huge concern for us. Recently we read of a landholder at Wallumbilla who has 12,000 hectares and 73 CSG wells equating to one well per 164 hectares. We have a quarter of their land mass yet are potentially looking at 43 wells; that’s one well per 74 hectares. While the impacts would be vastly different those landholders would automatically be compensated significantly more than us based on the sheer number of

wells and kilometres of access roads. For us, because of our smaller land mass, our operating practices are seriously impeded and this is something that has not been accounted for.

This raises the issue of when is enough, enough? What is the tipping point and how much do we have to bear? With 3200 hectares, 18 CSG wells, a potential 25 more to come, and the possibility of some form of mining in years ahead when do we have the right to say no more?

Has the value of our property been compromised? This is the burning question and we personally would say absolutely. However, it is not a simple cut dry answer; that is what we have been told. Obviously the rural property market has been slow in recent years due to the economic climate and prolonged drought however there is no doubt that the uncertainty surrounding the CSG industry is also playing its part. Uncertainty will continue to drive values down and highlights why more work should go into science.

Our property was valued in 2008/2009 as part of our family succession plan; this was just prior to Origin's development commencing. We asked our property valuer to reassess this again in 2010 following the bulk of work being completed. He travelled to the property and made his inspection. In his findings he explained that it was difficult to say whether CSG had impacted on the value but concluded that our market share had most certainly diminished. He believed it was imperative we attempt to boost our compensation up by almost \$40,000 annually to ensure it acted as a "carrot" to prospective buyers. This was enough evidence for us to conclude that at the moment our value has been compromised.

As a young couple who have taken on significant debt to pursue a future in agriculture there is a lot resting on the piece of dirt in which we live, operate and raise our two small boys.

The sustainability of prime agricultural land and Australia's food task

Australia is in a very good position to contribute to feeding the world's growing population and we believe it paramount that we protect the small amount of our country's prime agricultural land. However we also think it extremely important to note that there are many primary producers making significant and valuable contributions to our food chain that aren't necessarily sitting on prime agricultural land.

Irrespective of whether our property falls into the Queensland Government's newly developed Strategic Cropping Land map, we believe our business is PRIME in that we supply up to 3380 tonnes of beef annually to the domestic market and 2402 tonnes for export. When you consider that Australian's each consume 35.7kg of beef annually (*Meat & Livestock Australia, Industry Projections, Mid-year Update, June 2010*) we effectively have the ability to provide 160,000 Australians with their beef requirements each year. With a Government that seems committed to increasing our population, this then raises the question of should more be done to protect industries, not just land alone from any coal seam gas impacts?

This also highlights just how important the protection of our groundwater is. We are just one feedlot operation in a local area with feedlot capacity of over 100,000 head. If our water supply is affected or damaged, the feedlot and beef industries will also suffer serious setbacks, not to mention international trade.

The social and economic benefits or otherwise for regional towns and the effective management of relationships between mining and other interests

We can't deny the fact that the CSG/LNG industries have provided an economic boom for our region. There are plenty of people both directly and indirectly benefiting from these industries however there are also many serious issues being imposed as a result.

A lot of work needs to be undertaken in those communities affected to ensure they can sustain the increased needs on services, infrastructure and resources. Chinchilla has grown incredibly in recent years and people are forced to pay increased costs for housing, rental and food. When you are not working in the resource sector these increased costs become a huge burden on the weekly pay packet.

We employ seven local people in our business and it's getting harder and harder to retain them. We value the contribution and expertise they bring to our business yet we can also understand why they would consider a shift into the resource sector. Our wages have increased by over 50% in the last three years and are now at a point where it's almost unsustainable. Our annual compensation does not cover the wages of one of our employees.

In recent times some CSG companies appear to have lost their social license to operate and have a big job ahead to restore confidence in local people. Some companies go above and beyond their obligations to communities but others are only doing the bare minimum if that. Many local organisations have benefited from the many funding opportunities provided by resource operators and while this is positive, we're sure it has created some tension for landholders who have to fight tooth and nail for every cent they receive as part of their compensation agreements.

We personally believe that landholders get the least reward and carry the greatest risk. We are huge stakeholders in this industry yet we are effectively fighting to retain what we already have. This is not a commercial agreement in which we make significant returns. No one has ever been able to answer our question of what are the benefits for landholders? A few gravel roads, and what we would consider to be unworthy compensation, does little to provide us with the reassurance we need to progress and move forward with confidence.

Other related matters including health impacts

As food producers we have a responsibility and obligation to ensure we are providing a product that poses no risk to consumers. Subsequently we must be informed of any issue that may arise that that could jeopardise our process or hinder our industry. CSG companies and government must be transparent and accountable when someone else's business is at stake and act in a timely manner.

Human health impacts are of critical importance and with so much negative information being thrown into the public arena you can't help but be concerned. We have read countless information about possible health implications as a result of this industry yet have been assured by one of the CSG companies we deal with that Australia's coal seam gas is pure and its processes are extremely safe. We naturally would like to believe this.

We had a significant leaking CSG well on our property and what we could visually see did not provide comfort. The fact that no one from that company made an effort to tell us it was safe, what was wrong, what had happened or that we were not at risk was concerning. That well, drilled around 2001/2002, had leaked for a number of years and despite us informing the company it took over eight years for it to be plugged and abandoned, and just as long for us to be provided with explanations as to what was wrong. This is unacceptable and we hope the company has resolved to do their business better as a result.

For landowners we believe that more needs to be done to address the mental health issues that may arise from this industry. This is potentially one of the most confronting and stressful issues many landholders will have to face and we believe that many will struggle with the complexities of such development on their land. A lot of this has to do with education and information and highlights why it's imperative people are informed and supported with transparency being the key.

Conclusion

This is a time of great change for Australia's rural sector. Co-existence is an issue that we still struggle with essentially because we have no choice, however we believe landowners are in a better position to negotiate purely because there is so much more information and support at hand.

We believe a lot of progress has been made by the Queensland government and companies over the last 18 months however there is still a very long way to go to reassure us that we are working alongside an industry that doesn't put our business, lifestyle and environment at risk for the long term. This industry is going to be around for 30 or 40 years while our food producing industries will be required for infinity. If humans are to prosper and survive we must strive to ensure that life's core necessities are protected and remain sustainable.

Kind regards

Katie and Scott Lloyd