Position Statement
Coal and Coal Seam Gas Activities
March 2015

Council Vision:

"A Quality Rural Lifestyle in a Vibrant, Caring and Sustainable Community"

Council is committed to:

- Protecting the Shire's prime agricultural land, surface and groundwater resources and air quality, by opposing coal mining and at this time, Coal Seam Gas (CSG) exploration and extraction activities within the Shire.
- Protecting the Shire's agricultural and equine industries from any negative impact of extractive industries by opposing coal mining and at this time, CSG exploration and extraction activities within the Shire.
- Protecting our unique identity based around "the Horse Capital of Australia".
- Protecting our clean and green identity as a unique point of difference in attracting industry, tourism and residents to the area.
- Protecting the community's health, amenity, social and emotional well-being in keeping with its vision of a "quality rural lifestyle in a caring and thriving community".
- Protecting the wider equine industry and therefore the gazetted Equine Critical Industry Cluster in our region by opposing coal mining developments that have the potential to adversely impact upon those major thoroughbred breeding farms located outside the Shire.
- Providing a certain investment future for all sustainable industries, especially agriculture and the jobs that support and grow our unique reputation and identity.

SUPPORTING INFORMATION

In updating its Position Statement, Council acknowledges the release of the following reviews and plans:

- The NSW Chief Scientist's Final Report of the Independent Review of Coal Seam Gas Activities in NSW (2014),
- NSW Gas Plan by the NSW State Government (2014) and
- Upper Hunter Strategic Regional Land Use Plan (2012)

Council recognises that it is not:

- The consent authority for mining or CSG developments,
- The regulator of either the mining or CSG industries,
- The issuer of Exploration, Petroleum Exploration or Environmental Protection Licenses, or Assessment Leases.

PART A

In preparing the position statement, Council considered the following:

1. The Upper Hunter Shire Council (UHSC) recognises that the dominant land use in the Shire is agriculture (most notably the beef and equine industries) and further recognises its role as custodian and guardian of all its established rural enterprises, our unique 150 year old identity based around "the Horse Capital of Australia", the critical mass of thoroughbred breeding ventures and interrelated services located within the Shire and the pristine natural environment which supports those industries and enhances the Shire as a preferred place to live and work.

2. The Upper Hunter Shire Council encourages the development of renewable energy projects and industries that are compatible with the Shire's objective of sustainable growth, reflect community attitudes and complement established sustainable industries.

3. The Upper Hunter Shire currently has the expired Assessment Lease 19 (Muswellbrook Coal Company) partially within it, current Authority 256 (Anglo American), the Dartbrook underground coal mine (in care and maintenance mode) partially within it, expired Exploration Licences 5306 and 5888 (Bickham Coal Company) wholly within it and current Petroleum Exploration Licences 4 (AGL) and 456 (Santos) both partially within it.

4. The Upper Hunter Shire Council supports the conclusion of the Bickham PAC Report 2010,

   "That open-cut mining and a viable international scale thoroughbred breeding enterprise are incompatible land-uses"

   and repeats its call on the State Government to initiate an exclusion zone to ring fence and protect the equine industry from land conflict with coal mining. This type of "Land Zoning" has been afforded to other "internationally recognised centres of thoroughbred breeding excellence" as recognised in the expert advice from Mr. Terry Short to the NSW Planning Assessment Commission (Drayton South Coal Project Review Report – Appendix 4 part 3.4 "Global equine cluster case studies"). Regions in Kentucky-USA, Newmarket-England and Lower Normandy-France have all had planning instruments developed that ensure the protection of their agricultural industries and environmental amenity from the imposition of all conflicting developments.

5. The UHSC supports the conclusion of the Drayton South Final Determination PAC Report:

   "On the evidence the Commission agrees that Coolmore and Darley Studs are at the 'epicentre' of the thoroughbred breeding industry in NSW and Australia. They are 'pivotal' to the sustainability of the Upper Hunter Critical Industry Cluster [CIC] *because of their size and market share. They are the largest international scale thoroughbred studs in Australia and have economic and reputational significance to the region, NSW and Australia. The commission supports the recommendation of the PAC Review and the Gateway Panel report that both studs should be afforded the highest level of protection"*.

   Council recognises that these major industry representatives, although contained within our neighbouring Shire, are integral components that make up the critical mass of what has been recognised by the NSW State government as the Hunter Equine Critical Industry Clusters contained within the Upper Hunter and Muswellbrook Local Government Area's.

6. The UHSC broadly but cautiously welcomes the NSW Chief Scientist's *Review of Coal Seam Gas Activities in NSW* as a reasoned step forward. The Chief Scientist concluded:

   "*That the technical challenges and risks posed by the CSG industry can in general be managed through:*
   - *careful designation of areas appropriate in geological and land-use terms for CSG extraction*
   - *high standards of engineering and professionalism in CSG companies*
   - *creation of a State Whole-of-Environment Data Repository so that data from CSG industry operations can be interrogated as needed and in the context of the wider environment*
   - *comprehensive monitoring of CSG operations with ongoing automatic scrutiny of the resulting data*
   - *a well-trained and certified workforce, and*
   - *application of new technological developments as they become available".*

7. The UHSC supports the ban on CSG activities within the Equine CIC (existing), urban areas and surrounding buffer zones (existing) and National Parks [proposed] and notes that a significant proportion of the Shire is therefore already off-limits to the CSG industry.

8. The UHSC notes the following comments from the Chief Scientist's Review:

   - *careful designation of areas appropriate in geological and land-use terms for CSG extraction [page iv]*
   - *there is still considerable uncertainty associated with the development of any new resource province. Currently CSG activities tend to be considered mainly at a site-specific level. A better understanding of the industry impacts at scale and over time is needed. [page 10]*
   - *More detailed knowledge of the structure and composition (especially regarding hydrogeology) of the sedimentary basins is needed . . . [page10]*
   - *There is a need to understand better the nature of risk of pollution or other potential short- or long-term environmental damage from CSG and related operations . . . [page 10]*
   - *The Review studied the risks associated with the CSG industry in depth and concludes that – provided drilling is allowed only in areas where the geology and*

hydrogeology can be characterised adequately, and provided that appropriate engineering and scientific solutions are in place to manage the storage, transport, reuse or disposal of produced water and salts – the risks associated with CSG exploration and production can be managed. That said, current risk management needs improvement to reach best practice. [page 10]

- *In particularly sensitive areas, such as in and near drinking water catchments, risk management needs to be of a high order with particularly stringent requirements on companies operating there in terms of management, data provision, insurance cover, and incident-response times. [page 10]*
- *All industries have risks and, like any other, it is inevitable that the CSG industry will have some unintended consequences, including as the result of accidents, human error, and natural disasters". [page11]*

After careful consideration of the above, the UHSC cannot at this point in time, support any further CSG exploration or extraction activity within the Shire. The 'learning-by-doing' approach is simply not appropriate and poses too great a risk for "sensitive areas" such as our Shire, which has:

- An acknowledged and as yet unquantified - possibly unquantifiable - level of geological and hydrogeological complexity,
- Is an area that takes in all of the Upper Hunter Catchment and also much of the catchment of the Hunter River's main tributary, the Goulburn River.
- A range of sustainable existing rural industries and communities that are reliant on the region's surface and groundwater resources.

9. The UHSC will maintain this precautionary approach until such time as the CSG industry has proven itself to be safe, reliable and trustworthy, and until such time as the NSW Gas Plan has shown that it is delivering a safe, properly licensed, effectively regulated industry that is of benefit to the public of NSW.

10. The UHSC notes the Chief Scientist's report "Placement of monitoring equipment for water resources in NSW" June 2014 and broadly recognises the merits of the 5 step process recommended by the report:

"That Government establish a formal process consisting of five parallel but interacting steps. The five steps are:

- *Companies or organisations seeking to mine, extract CSG or irrigate as part of their initial and ongoing approvals processes should, in concert with the appropriate regulator, identify impacts to water resources, their pathways, their consequence and their likelihood, as well as the baseline conditions before activities start. Appropriate monitoring to detect these possible risks should then be installed.*

- *Data from these monitors should be deposited (in as close to real time as possible) in the State Environment Data Repository and continuously interrogated by intelligent software looking for:*

  - *evidence of likely risks or even of discontinuities. The relevant companies or organisations would need to review the data and data analysis on a regular basis and provide a risk assessment report to government, especially highlighting any alerts or anomalies. They would also need to respond immediately to any significant alert.*

- *confirmation of predictions made in approved plans. If the impacts of activities significantly depart from those predicted and approved, the regulator and the company would be alerted.*

- *In a separate process, an expert committee should examine all data relevant to a region or a sedimentary basin on a frequent basis, using data from a range of sources (the companies' monitoring data along with triangulation/cross-validation data such as that from satellites, reports from local councils, seismic data, etc.) to check for any other signs of problems in that region and, if any are found, recommend to government that appropriate action be taken with regard to the relevant actors.*

- *In parallel, government should construct and maintain a variety of models of each region and in particular one that seeks to address cumulative impact along the lines of that constructed in Queensland. These should feed into the planning and approvals process.*

- *Also in parallel, government should commission formal scientific characterisation of in New South Wales groundwater.*

These steps would not be independent but rather would mutually inform each other. This process should be overseen by an appropriate governance body such as an expertise- based, independent statutory authority (possibly called the NSW Water Resources Impacts Commission) that can bring together regulatory and technical oversight, research and development ability, and the necessary information and communication technology prowess".

The UHSC is of the view that given the significant level of community mistrust with CSG companies, those companies should not be involved in the collection and collation of data outlined in step one above, and that that role should be undertaken by the NSW Office of Water and perhaps paid for by the CSG industry. Building trust in the community will take time and can only be achieved through an independent, expert and rigourous appraisal of the water resources the community and rural industries rely upon.

The UHSC believes that the 5 step process should occur prior to the granting of exploration licences and should inform the decision of which areas are, and are not, suitable for CSG exploration and extraction.

Council understands that in order to obtain base-line data, from time to time surveying and monitoring may need to be undertaken to ensure the protection of surrounding areas.

PART B

Endorse and actively pursue the following objectives for Coal Mining, Exploration and Transportation:

1. Council remains of the view that exclusion zones remain the simplest and most effective means of easing land use tensions, offering protection to sustainable agricultural industries from the impacts of mining, providing greater certainty to all industries and providing for an economically diverse range of industries.

2. To ensure that any proposed expansion outside the exclusion zones incorporate the principals of cumulative impact assessments, improved regulations, more robust monitoring and control and development of regional plans to provide a strategic

framework within which assessments of individual resource development proposals can be made.

3. To ensure thorough assessment of social, economic and environmental impacts, together with community health and human well-being, are carried out for individual resource development proposals and that the cumulative impacts of the proposal together with other unrelated projects are considered accordingly.

4. The UHSC remains of the view that the Exploration Licences 5306 and 5888 of the Bickham Coal Company, which expired in May 2012, should not be renewed and repeats its call on the State Government to gazette their non-renewal.

5. To enable local government to negotiate suitable compensation in order to address impacts and stress placed on local infrastructure and that a proportion of the royalties paid to State and Federal Government by companies be paid to relevant local government authorities in order to address these impacts. The UHSC notes that it has not received any funding at all under the Royalties for Regions scheme.

6. To require the submission of a Social Impact Statement for all exploration and production licence applications to enable a thorough assessment of the proposed development and its impact on the health and general well-being of local residents.

7. To require the covering of all coal wagons or to use coal-veneering on all coal loads moving through the Shire to protect the health and general well-being of local residents, particularly those living on the rail corridor.

Council's Additional Objectives for CSG Exploration and Extraction include:

1. The UHSC supports current legislation prohibiting CSG exploration and extraction within the mapped Critical Industry Clusters and around populated areas and their buffer zones. Council also supports the proposed ban on CSG exploration and extraction within National Parks.

2. To support the rights of Landholders in relation to the granting of access to their landholdings to CSG explorers. Landholders must have the right to deny or permit access to their property. Council commends AGL and Santos on their Memorandum of Understanding formed with the NSW Farmers Assoc., Cotton Aust. and NSW Irrigators which declares that they will not enforce arbitration over land access for CSG operations, nor will they drill without landholder consent. Council urges the State Government to make such an agreement mandatory and binding for all CSG companies through legislation.

3. To support ongoing investigation into appropriate methods of treating, storing and transportation of the waste materials, including salt, produced from the extraction process and to have an environmentally sustainable solution prior to any CSG production commencing.

4. To support the NSW Government's policy for Aquifer Interference Regulations being an integral component for both exploration and extraction proposals for CSG.