



Basin Sustainability Alliance
Annual Report

2010 - 2011

BACKGROUND: COAL MINING & CSG EXTRACTION IN THE SURAT BASIN

Landholders in the Surat Basin have known for decades that their land overlies coal deposits. Various coal mining activities have been operational for many years, but recent plans for an enormous escalation of activity both with coal mining and Coal Seam Gas (CSG) extraction have made landholders, agribusiness and local communities very concerned.

Production of CSG from the Surat Basin began in January 2006 from the Kogan North coal seam gas area west of Dalby. This was followed in May 2006 by production from the Berwyndale South coal seam gas area, south-west of Chinchilla. Coal seam gas is also currently produced from several areas from Dalby through to Chinchilla and to the south.

Landholders acknowledge that the owners of coal mining or CSG tenures have been granted rights to explore and/or extract coal and coal seam gas respectively from these tenures.

Export liquefied natural gas (LNG) projects

Growing interest by Australian and international energy companies in developing Queensland's CSG reserves has led to the public announcement of eight export LNG projects. If all eight materialise, over 50 million tonnes per annum (Mtpa) of LNG could be exported from Queensland, commencing in 2013. By February 2011, three of the proposed eight LNG projects, the Gladstone Liquefied Natural Gas Project (GLNG), the Queensland Curtis LNG Project (QCLNG) and the Australia Pacific LNG Project (APLNG) had received state and federal government environmental approval. The boards for two of the projects (GLNG and QCLNG) have since sanctioned their respective projects. Sanction of the APLNG project is expected in mid 2011. ¹

Landholders concerned

Initially, landholders were not particularly concerned about the mining of coal or CSG. It was on a small scale, it did not seem to interfere with prime agricultural land and there was little known about its potential impact on the water resources of the Great Artesian Basin.

However, in the last five years, the enormous increase in activity has seen the exploration and development of CSG tenures and the environmental approval (by the State and Federal

Governments) of major CSG export programs (principally through Gladstone).

Landholders are concerned that the rapid escalation of coal mining and CSG extraction is adversely impacting on the water resources necessary for animal and crop production and the future of agricultural land.

Government Action

The Government has stated that it is actively addressing conflict between agriculture and mining, the two key sectors for the region.

"Intensified land use competition for agricultural land, particularly in relation to mining development, has highlighted shortcomings in the current planning framework to conserve agricultural land".

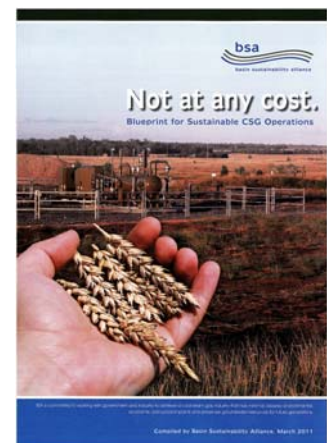
"The relationship between resource companies and landholders is a complex and difficult issue in the Surat Basin".

Policies have been developed to preserve "Strategic Cropping Land" from permanent damage by the mining industries, but this legislation is yet to be enacted. It has been vigorously contested by the mining industry (Queensland Resources Council) and the proposed legislation has done little to allay fears about CSG mining of prime agricultural land. Likewise, legislation to "make good" water resources adversely affected by CSG activities has been welcomed, but again, unless it is vigorously enforced, the certainty for future good quality water supplies for agricultural and regional urban use is a major concern.

Although Government has listened and responded to a number of our concerns, BSA believes far more needs to be done to protect the land and water resources of the Surat Basin.

BSA believes that the CSG industry projects must not proceed *at the cost* of agriculture or of our natural resources and that landholders must be treated fairly and with respect.

Read more about BSA's stance in *Not at Any Cost: A Blueprint for Sustainable CSG Operations*.



¹ DEEDI: Queensland's coal seam gas overview (February 2011), www.deedi.qld.gov.au

PROGRESS MADE, BUT GAPS REMAIN

The developing CSG industry is set to be the biggest energy industry development to ever take place in Australia. It could nearly double water extraction from the Great Artesian Basin, bury more kilometres of pipelines, introduce millions of tonnes of salt to the surface environment, build more new roads and have more impact on agricultural land than any industry before it. Since BSA was formed in early 2010, we have seen a dramatic increase in CSG activities and a groundswell of landholder concern.

I am pleased to say that we have had some of our concerns answered. When we started out, CSG companies were pumping salty water into very unsatisfactory dams. Now evaporation ponds have been phased out. We've helped influence other changes like the banning of certain chemicals from the fracking process. But there are so many more issues that continue to go unanswered – such as how can the “make good” policy be properly enforced?

We've had our issues highlighted on 60 minutes, 4 Corners, repeatedly on radio and TV news, in rural press and on the front page of almost every metropolitan newspaper.

BSA is proud of the credibility we have developed with landholders, industry and government. When we started out we made a decision not to be a radical protest group. While we do believe there is certainly a place for people to stand up and be vocal about their rights, we have developed a position to fill the void as a voice of reason and a conduit between many different landholder groups, peak agricultural groups, CSG industry and government. Our approach has seen us be invited to the table to have genuine input into legislation and policy.

BSA representatives have been invited to hold briefings with every level of Government including Prime Minister Julia Gillard, Premier Anna Bligh, Federal Minister for Sustainability, Environment and Water, Tony Burke and almost every Minister and senior bureaucrat involved in CSG policy.

In March this year, we released - *Not at Any Cost: A Blueprint for Sustainable CSG Operations* - which has been a good exercise in opening up dialogue and in some ways drawing a line in the sand when it comes to the expectations of the communities and landholders we represent.

I would like to pay tribute to the BSA committee (pg 6 and 7) who have all devoted (voluntarily)



PHOTO COURTESY OF THE AUSTRALIAN

incredible amounts of time and expertise to some very difficult tasks. I'd also like to acknowledge the contribution of Solicitor Peter Shannon of Shannon Donaldson Province Lawyers who has provided guidance and insight and to BMO Accountants for providing secretariat, accounting and communications services to our committee.

Through BSA, we have made some inroads, but we continue to be alarmed by the gaps that still exist. I encourage you to spread the word to get others to join BSA and help us actively lobby for the protection of our vital natural resources. Moving forward BSA plans to continue to identify and fight for regulatory and legislative change and industry practices that safeguard our lands for future food and fibre production and protect our vital water resources for future generations and the sustainability of our State.

We stand by our call for government to push the 'pause button' on this industry while they take the time to fully assess the long term impacts, but our voice is not being heard as loud as those screaming out for the short term gain of royalties and jobs.



Ian Hayllor, Chairman

SPREADING THE MESSAGE

BSA Chairman Ian Hayllor has made presentations and/or represented BSA at the following conferences and forums:

- Australian Journal of Mines Land Access Forums (in 2010 and 2011)
- QFF Annual Conference
- National Water Commission in Townsville
- Australian Environment Foundation
- Australian Institute of Agricultural Science and Technology
- University of Queensland CSG Forum
- Community forum at Power House (Brisbane)
- The world Coal Seam Methane Conference (Brisbane).
- APPEA CSG Water Forum (Brisbane)
- Screening of Gasland (Dalby)
- Presented to major investor group in Brisbane
- 3rd CSG Associated Water Conference in Brisbane
- Property Rights Australia Meeting Roma
- Hatch & Associates – Sustainability Week

HIGHLIGHTS 2010-11

BSA has made a positive contribution since its inception. While we recognise that not all of the following achievements are attributable to BSA alone, BSA has had considerable input and influence effecting change in the following areas.

Environment and Sustainability

- Evaporation dams for CSG water no longer permitted (except in special circumstances).
- BTEX chemicals banned from fracking.
- Risk assessment now required for fracking- the safety of the practise itself is still questionable.
- Commercial uses are being found for salt and other by-products of CSG water extraction. The enormous scale of production has demanded a re-think of the extracted salt and its potential impact on the environment.
- Standards are being set for well design and construction.
- Improvements in well stimulation standards incorporated into NROLA bill.



BSA briefing with Federal Environment Minister Tony Burke

Water

- Introduction of trigger levels for water quantity changes.
- Increase in staffing of the National Water Commission with more on the ground officers appointed.
- Effected change in the WOLA Bill - although we still have concerns regarding the monitoring of groundwater water quality and quantity and the capacity to detect and establish the cause of groundwater impacts.
- Reinjection was thought to be impossible/unviable – now is being actively explored for CSG water (or at least substitution).

- Substitution of CSG water for other entitlements is now clearly an option for the beneficial use of the water.
- Make-good arrangements have now been accepted by the CSG Companies, but more work is required to ensure landholder access to water is not compromised.
- Advocacy for groundwater research.
- Many bore owners have undertaken baseline monitoring. BSA facilitated this process by providing a conduit to a bore water testing service.
- BSA has provided input to DERM with regard to developing baseline assessments for land holders water bores – but BSA has concerns that CSG activity is continuing when baselines are still being determined.

Landholder Rights and Compensation

- BSA influenced government to lengthen time periods for submissions.
- Consequential loss maintained in the compensation area of legislation.
- CSG task force established for a clear path to handle CSG related issues.
- Gas companies are no longer offering standard compensation regardless of location of infrastructure or quality of land.
- BSA developed a landholder factsheet to help equip landholders with information for dealing with CSG companies.
- BSA developed an online CSG Well calculator to give landholders an idea of how a CSG company's conceptual gas field design would transpose over their land.
- CSG Companies have shown greater respect to landholders than they did in the past.
- BSA has provided support for Strategic Cropping Land legislation.
- Bringing influence to effect last minute change in the Geothermal Energy Bill and Land Access Code in Parliament. These changes ensure improved rights for all Queensland landholders with regard to mining resource development.

Influence for a better future

- BSA hosted groundwater seminar.
- BSA developed website www.basinsustainabilityalliance.org to provide links and news to members and interested parties.
- BSA email newsletters to members.
- Government and CSG Companies pay attention to BSA and seek BSA input. They want to consult and take BSA seriously.
- Through regular press statements, letters to the editor and interviews, BSA has developed a strong presence with the media.
- The Government (and CSG Companies) have now changed their attitude to land access. Landholders are treated with more respect, but improvements are still required.
- Government has created new position of CSG Engagement and has set up a CSG LNG Enforcement Unit (with a hotline for landholders to call).
- Various groups and organisations (such as AgForce, QFF, NWC, Qld Country Women's Association, NSW Farmers Federation) persuaded to actively lobby Government.
- BSA participated in the development of the AgForce CSG information sessions.
- BSA committee members have provided individual support to landholders.
- BSA is regularly invited to present at forums and conferences.
- Advocacy for research and support for projects on groundwater, water use efficiency, safe use of CSG water and socio-economic impacts of CSG industry.
- Regular contact with Directors General of DEEDI (Ian Fletcher) DERM (John Bradley) with Senior Executives and with Officers of relevant Departments.
- Regular advice provided to CSG Companies and Industry bodies such as APPEA.
- Supported research into socio-economic impacts of CSG industry. Maintained close contact with Regional Councillors and Mayors.

Regular media coverage has helped to raise awareness of BSA's key concerns

BSA had delegations at/with:

- Greens Party tour of farms.
- Met with LNP in Toowoomba, Brisbane, Roma and Dalby to discuss their stand on CSG development.
- Federal Environment Minister Tony Burke.
- Prime Minister Julia Gillard in Dalby.
- Rural Press Club in Toowoomba where Condamine Irrigators launched Hillier Report.
- National Water Commission - Commissioners meeting in Dalby organized field trip - fact finding visit in November.
- Hosted information farm tours for AJM Land Access form conference delegates.
- Community cabinets Roma and Toowoomba Meeting with Ministers and the Premier.
- Organized field trip for QRC Michael Roche and Andrew Barger.
- Field trip for JP Morgan researcher and organized field trip for investors.
- Presenting to Senate Standing Committee Rural Affairs and Transport inquiry into social and economic impacts from the Murray Darling Basin Plan.
- Hosted the GAB CEC on a field trip.
- BSA also provided written submissions to Government inquiries and draft legislation bills and to DERM in relation to various Petroleum Lease Applications, environmental impact statements and environmental management plans.



GOVERNANCE

The BSA committee met regularly and on an as-needed basis to discuss and address member issues with the key focus of providing input to Government policy, industry practices and affecting genuine change.

The Committee



Ian Hayllor, Chairman

Ian, with wife Deb and their three sons, are irrigated and rain grown grain and cotton farmers west of Dalby. Ian has been appointed to the Surat Basin Engagement Group, is a committee member on the

NFF CSG Task Force, a committee member Arrow Surat Community Reference Group and Origin Energy Technical Information Group, a stakeholder on Healthy Head Waters Programme and Chair of the Environment and Property Protection Assoc Inc (EPPA).

Andrew Rushford, Vice-Chair (Retired)

Andrew Rushford, Teys General Manager – Feedlots, retired from the BSA committee early 2011 due to his work commitments. BSA would like to thank Andrew for his valuable input and expertise during his time on the committee.



Anne Bridle - Secretary

Anne, husband Robert, and family operate Talbingo Pastoral Company – an integrated agricultural operation involving cattle stud, cattle breeding, backgrounding, fattening and

feedlotting, grain growing and a commercial transport business – from properties near Dalby and Dirranbandi. Anne is also a member of the Sustainable Resource Policy Local Leadership Group - Surat Basin; on the steering committee for the Surat Basin Future Directions Strategy as well as on the ALFA CSG sub-committee. Anne also holds a Bachelor of Agricultural Economics.



Scott Seis - Treasurer

Scott and wife Jo and their family operate an irrigated and dryland cropping farm “Mungana” at Macalister. They grow grains and cotton and operate a piggery and a farm contracting business “Seis

Contracting”. They also operate Dalby Mower Supplies, a Dalby business specialising in mowers, pumps and farm supplies. Scott represents the Jimbour Floodplains Group and has also been active in various leadership roles including past president of the Darling Downs Cotton Growers Association.



Dave Armstrong

Dave and wife Ruth, operate an irrigated and rain grown cotton and grain farm 'Yanco', near Cecil Plains and are partners in The Open Range, an outdoor sporting store in Toowoomba. Dave is a former committee member of the

Darling Downs Cotton Growers Association and the Central Downs Irrigators Ltd.



Ruth Armstrong

Together with husband Dave, Ruth operates an irrigated and dryland cropping property 'Yanco' at Cecil Plains. Ruth holds a Bachelor of Applied Science (Ecology) and Bachelor Applied Science

(Honours) from QUT and has post-graduate research experience in the same field.



Katie Lloyd

Katie is based near Chinchilla where she and her husband Scott own and operate a mixed farming operation comprising a 5000 head feedlot. The Lloyds have been dealing with CSG Companies for the past 10

years. A former newspaper journalist, Katie is keen to highlight and address the issues surrounding the CSG/LNG industry.



Bernie Caffery

Bernie is a Director and the Principal Agronomist of Crop Management Services with over 30 years of experience in agricultural consulting to irrigated and dryland crop farmers on the Darling

Downs. He holds a B. App. Sc. (Rural Technology) and undertakes regular on farm crop monitoring and agronomic advice. Prior to agronomic consulting, Bernie worked in vegetation management research in Western and Northern Queensland.



David Hamilton

David is a farmer and a consultant. Together with his wife Jeanette he operates a farm at Macalister.

Previously David was General Manager, Plant Science with the Department of Primary

Industries and Fisheries. He holds a B.Agr. Sc. and a Masters in Agronomy. He is a Fellow of the Australian Institute of Company Directors and a Director of the Cotton Catchment Communities Cooperative Research Centre and the Australian Institute of Agricultural Science and Technology.



Ashley Geldard

Ashley and wife Rebecca live on his family's dryland grain and cotton farming enterprise in the Miles/Condamine area of the Western Darling Downs. In 2004 they were awarded the

Cotton Australia High Achiever Award. Ashley is also involved in the CSG Industry as a contractor via his companies RED Industrial that develops and supplies drilling tools and Advanced Dirt Management that does rehabilitation work for the gas companies and their contractors.



Jeff Bidstrup

Jeff and his family farm cotton and grain at Warra and Condamine and are involved in AgBiTech (a company focused on integrated pest management). Jeff has been actively involved in Landcare

and is currently Coal4breakfast Chair and committee man of FutureFood Qld. He has also won the Queensland Landcare Primary Producers Award in 1999. He's a former Director of CRDC and CSD and winner of Australian Cottongrower of the Year.



Geoff Hewitt

Geoff runs an aggregation of irrigation farms at Macalister with his wife Toni and son Nathan. He has held a range of industry positions including Chair of Cotton Australia, Director of Queensland Farmers

Federation and Chairman of the QFF Water Committee, a Director of Central Downs Irrigators, Chairman of Darling Downs Cotton Growers Inc. and served on the Condamine Catchment Management Association. Geoff is currently Co-Chair of FutureFood Qld, and Chairman of ProClass.



Wayne Newton

Wayne Newton, along with his wife Bev and brother-in-law Glenn and his wife Ruth, operate irrigated and dryland grain and cotton operations on several properties near Dalby. Bev and Wayne are also partners in a veterinary

hospital and pet barn in Dalby. Wayne is AgForce Grains Director and was previously Queensland Grain Growers' Association Director. Wayne has held many other industry positions, including on the Grains Research Foundation, Darling Downs Research Advisory Committee, Conservation Farmers Inc and National Grains RD&E Strategy Committee.

BSA – OUR CHARTER

The Basin Sustainability Alliance (BSA) was established in early 2010 to represent landholder, community groups and individuals with serious concerns about the unrestrained development of the coal seam gas industry across Queensland and the associated environmental, health and social impacts.

It set out with the following objectives:

1. To provide a conduit between stakeholders (including individual landholders, landholder groups, businesses, communities, interested citizens, towns, local authorities, mining, petroleum and gas companies, regulators, administrators and government) to discuss, share and disseminate information about mining and petroleum activities (such expression including but not limited to the extraction of coal seam gas, underground coal gasification, coal to liquid and any like activities with the potential to adversely impact on farmers, graziers, towns or other rural interests) throughout the Great Artesian Basin from a Queensland perspective.

2. To encourage and promote the fair and proper legislative and administrative processes to enforce the orderly and sustainable planning, development and regulation of mining, oil, gas and other extractive industries with the potential to impact on the Great Artesian Basin and the farming and rural sector generally in both Queensland and Australia.

3. To work towards the sustainable management of rural land and water resources for future generations throughout the Great Artesian Basin from a national perspective.

4. To protect and/or enhance the entitlement to existing quantities and qualities of water of rural interests (including landowners, towns and communities) under existing state legislation, incidental to mining and petroleum activity impacts throughout the Great Artesian Basin.

5. To protect the Murray Darling Basin and rural lands and interests generally throughout the Great Artesian Basin from the adverse impact of salt, mineral and other contamination or other adverse impacts as a result of mining and petroleum activity.

6. To protect and enhance the natural environment from adverse impacts from mining and petroleum activities throughout the Great Artesian Basin.

7. To work with government bodies and representatives and others as necessary to ensure timely, independent, transparent, legislated processes are implemented to facilitate planning, monitoring and recording of the impact of mining/petroleum activity impact on rural interests throughout the Great Artesian Basin.

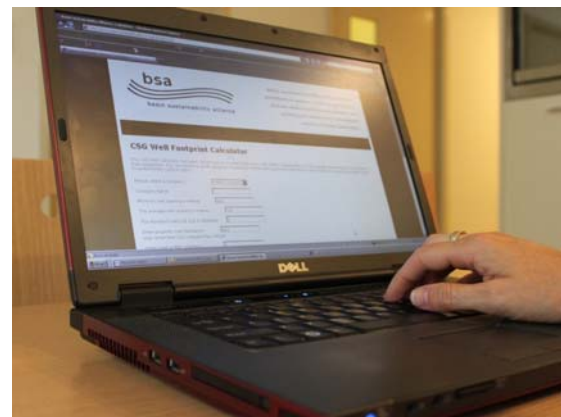
8. To work with Government to ensure appropriate legislation is in place to respond to evidence or reasonable anticipation of significant impact on ground and surface water resources throughout the Great Artesian Basin.

9. To promote corporate best practise, social and sustainability responsibility for mining and petroleum companies operating throughout the Great Artesian Basin.

10. To develop and promote fair and reasonable compensation for landholders adversely impacted by mining and petroleum activities throughout the Great Artesian Basin.

11. To inform and educate Australians of the natural resources, importance of long-term sustainability of such resources and the likely impacts from mining and petroleum activities throughout the Great Artesian Basin.

12. To preserve the rural lifestyle, the existing rural social fabric and contribution of farming families to Australian society.



To help empower and inform landholders, BSA developed and launched a coal seam gas well calculator available at www.basinsustainabilityalliance.org

TREASURER'S REPORT

In this, the first year of operation, the Basin Sustainability Alliance has done a remarkable job financially by attracting around 120 financial members and an additional 160 e-news members. We would like to thank our members for your financial and moral support which has helped BSA influence regulation and raise awareness of the potential impacts of this industry on groundwater resources, agricultural land and rural communities.

It has been a wonderful gift to have received over 50 donations in excess of \$67,000 with a special mention and thank you again to **Darling Downs Cotton Growers Association** for their donation of \$25,000 and also **FutureFood Qld** for their donation of \$15,000.

To assist with the day-to-day operations, BSA engaged Dalby-based business consultancy BMO Accountants to undertake administration, public relations, bookkeeping and accounting services under a monthly retainer arrangement. Using the services of BMO has provided committee members with support and allowed us to dedicate more time to seminars, meetings, workshops, and research. It should be noted that BMO Partner Michelle McVeigh also arranged for BSA to have complimentary use of the BMO Conference Centre for our meetings and workshops and contributed services in-kind in excess of \$6,000.

I would also like to thank Kate Boshammer of Kabosh Creative who worked with BMO in the development of our logo, website and email campaigns. We appreciate the great work Kate has done and recognise that she has also contributed considerable time in kind. Thanks also to Lyle Jacobson for his graphic work on our Blueprint.

The committee would also like to pass on its sincere thanks to Peter Shannon and his team at Shannon Donaldson Province Lawyers who have helped immensely with rules, regulations, research and the finer details of setting up the organisation. Peter has given very generously of his time and expertise, speaking at our workshops, providing pro-bono support and assisting with our comprehension of the failings and impacts of the relevant legislation.

Every member of the BSA committee has given of their own time, travelling to meetings and briefings, and some late nights on computer, often to the detriment of the day-to-day running of their own businesses. In particular I'd like to acknowledge the contribution of Secretary Anne Bridle who has traversed literally thousands of pages of legislation, environmental plans and authorities, regulations and research reports to better arm and educate our committee and our members.

Lastly, we must pay a special tribute to our Chairman Ian Hayllor for his dedication to the role. Ian must have travelled thousands of kilometres for BSA at his own expense to present at conferences and help raise awareness of the serious issues surrounding this industry. His positive relationship with media, industry and government has helped pave a path for BSA to effect real change.



Scott Seis - Treasurer



BSA Groundwater Seminar March 2010

Basin Sustainability Alliance Incorporated
REVIEW REPORT
01 June 2010 to 30 June 2011

Scope

We have reviewed the attached special purpose financial report for Basin Sustainability Alliance Inc for the period ended 30th June 2011, comprising of Statement of Income & Expenditure and Bank Reconciliation as set out on the following pages. The Executive are responsible for the preparation and presentation of the financial report and the information contained therein, and have determined that the basis of accounting used is appropriate to the needs of the members.

The special purpose financial report has been prepared for the distribution to the members of the Association for the purpose of fulfilling the Committee's accountability requirements. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates, to any person other than the member, or of any purpose other than that for which it was prepared.

In the course of the review, I have been advised that the accounts held by the association as at 30th June 2011, with banks and building societies are:

Rabobank Account – 142-001 1352417

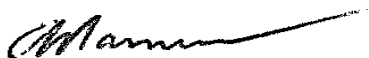
Opinion

The association's financial records show that the association has book keeping processes in place to adequately record the association's income and expenditure dealings with its assets and liabilities.

The prescribed requirements in respect of the keeping of accounts by the Association have been complied with.

Please note that this Review Report is not an audit, however it satisfies the requirements of the Department of Justice under the Associations Incorporated Act 1981 (as amended 2007).

Dated this Tuesday 19th July 2011



Adrian Rasmussen
Partner



BASIN SUSTAINABILITY ALLIANCE INCORPORATED

INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 30 JUNE 2011

INCOME		EXPENDITURE	
Membership	11,900.00	Advertising & Promotion	5,410.24
Donations	67,060.00	Seminars & Meetings	3,600.12
Interest	415.60	Secretariat, Accounting & Communications Service Fees	35,489.45
		Insurance	662.20
			<hr/>
			45,162.01
		Excess of Income over Expenditure	34,213.59
			<hr/>
	<hr/> \$79,375.60 <hr/>		<hr/> \$79,375.60 <hr/>

BANK RECONCILIATION FOR THE YEAR ENDED 30 JUNE 2011

Opening Balance as at 1 June, 2010	0.00
Add: Income	<hr/> 79,375.60
Less: Expenditure	45,162.01
Closing Balance as per cashbook 30 June, 2011	<hr/> 34,213.59
Closing Balance as per bank statement 30 June, 2011	<hr/> \$34,213.59 <hr/>

BSA is committed to working with government and industry to achieve a coal seam gas industry that has minimal environmental, economic and social impacts and preserves groundwater resources for future generations.

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