BASIN SUSTAINABILITY ALLIANCE



ANNUAL REPORT YEAR ENDING 30 JUNE 2014



MESSAGE FROM THE CHAIRMAN David Hamilton

BSA has had an active year, meeting with Government and CSG industry groups, participating in research, raising issues of importance to landholders and attempting to change the view of Government and the CSG industry. We have encouraged them to look after our land and water resources and be respectful of landholders in their dealings with them.

At times, this has meant being assertive and constructive but clear about what we want and attempting to build relationships to maximise our influence.

We have made considerable gains. We have had input into the Regional Interests bill recognised and many of the views we put have been included in the regulations. We now need this legislation extended more broadly into areas beyond the areas of land identified as priority agricultural areas.

We have written to the Premier, the Deputy Premier and Ministers for Resources and Mines, Environment and Heritage Protection and Agriculture. The responses to our letters have been varied, but at least, our concerns have been recognised, although the Government has not gone far enough on most issues.

We have attended community cabinet (and received a good hearing), given evidence before Parliamentary Committees. We have made press releases, sent letters "to the editor" and followed up on landholder issues. Our committee has been energetic, insightful and constructive, but at times we have been disheartened because the issues we raise often only receive "lip service".

More on our great committee and the support we get from BMO later.

Big Picture

Before I talk about the issues confronting BSA, I do want to offer some balance to the CSG industry. We all recognise and welcome the benefits of developing our energy resources:

- Jobs,
- Broader economic base for regional communities,
- Export income,
- Improved infrastructure.

But we must protect our agricultural resources and the rural homes in which we live and the water we rely on for our survival and livelihood.

Building our knowledge

To enable us to work effectively as a committee we have spent considerable time learning about the CSG industry and Government policy, understanding the current legal position on various issues and the concerns of fellow landholders.

I do not want to overstate the importance of this knowledge acquisition, but this is something all of our committee have invested considerable time in. I acknowledge the role the GasFields Commission has played in sharing knowledge. The Senior Leader's Forums have been worthwhile and constructive.

For incoming committee members, this learning phase will be important, and we all as members of BSA need to help in this regard.

Activities

I do not want to detail every activity that BSA has participated in, but acknowledge the time and effort our committee has invested as volunteers.

Whether we have been involved with DEHP in setting irrigation standards for CSG water, meeting to develop Co-Existence Criteria, attending the opening of the QGC Kenya Water Treatment Plant, working with other stakeholders on a legacy plan for the CSG industry or attending Santos or Arrow community consultation meetings, BSA has been actively represented.

In December Wayne Newton, Veronica Laffy and I took a flight over the gas fields west of Daandine through to south west of Chinchilla and return. A special thanks to Rob Thompson for donating his time and the cost of the flight.

I recommend anyone wanting to gain an appreciation of the impact of the CSG industry on our landscape to do likewise. The impact is enormous!

Presentations

Our presentations to the Dalby Chamber of Commerce, Property Rights Australia AGM at Roma, Santos Water Working Group and various other bodies has helped promote BSA and engage in discussion to raise issues of concern and identify solutions.

<u>Achievements</u>

I like to think that BSA has had a considerable impact on Government policy. I think in some cases, the current Queensland Government has developed good policies on the basis of ideas presented by BSA. Sometimes Government listens. For example we did feel that we were able to have good input into the Regional Interests Bill.

We placed our concern about the need for better regulations required for abandoned exploration wells in the media spotlight and on the Government's agenda. While we are still waiting for an adequate response, we genuinely feel that if we hadn't raised it, the government might have just let the issue slip by. We hope that by highlighting the issue we will make a difference. We certainly don't want an environmental disaster to be the trigger for change.

Research

It is good to see the increase in scientific research around CSG development and its impacts. I am pleased GISERA is represented here today by Damian Barrett. BSA is ably represented on the GISERA advisory committee by Anne Bridle. We also continue to have fruitful interactions with the UQ Centre for Coal Seam Gas.

However, BSA remains concerned about the way scientific research findings are used to aid industry development. Equally concerning is the disconnect between science and policy. At this point in time there is still no threshold limit to when impacts from CSG development threaten long term sustainability of vital land and water resources for rural living and agricultural production. Should impacts become too great to bear there appears no impetus or mechanism for government to scale back development.

We know that there is a division in rural and regional communities regarding the acceptance of CSG and shale gas development. Some greatly benefit and others bear the impacts without benefits. Whilst research figures show a greater-than-50% acceptance of CSG development overall across the Surat Basin, BSA encourages the researchers to convey the context behind the figures. Some people are not coping at all well with CSG development. Specific geographical areas such as Dalby and Tara are reporting that the majority of people are struggling to adapt to CSG development.

The impact on groundwater and surface water remains the critical issue for landholders across the Surat Basin. Issues that BSA raised more than four years ago around the long term sustainability of groundwater supplies, continue to go unanswered as the industry progresses across the landscape.

We are pleased to see research underway into interconnectivity between the Condamine Alluvium aquifers and the Walloon coal measures - where coal seam gas is to be extracted. Other underlying and overlying aquifers used for town drinking supplies and agricultural production need attention too. Research on fugitive emissions, other impacts of CSG activity on our landscape, and research on socioeconomic impacts of the CSG industry is also welcomed.

This research work should have been undertaken earlier, but the more research that is conducted, the better we are positioned to make sound policy decisions based on good evidence.

I am also pleased that the CSG industry is now learning to collaborate on research projects. This collaboration extends to CSIRO, Universities, and Government organisations such as the Office of Groundwater Impact Assessment (OGIA).

Challenges

The Government does not always listen. Minister Andrew Cripps was not listening with respect to Mineral and Energy Resources (Common Provisions) Bill 2014.

Landholders directly affected by mining activities must have the right to object and have their concerns addressed. We understand the need to eliminate vexatious and frivolous objections (although as far as we can tell, these are very rare and have not been a problem) but not at the expense of fairness to landholders directly impacted by proposed mining activities. We were disappointed to have our genuine concerns raised in on this bill ignored. It was quite offensive to hear Deputy Premier Jeff Seeney's dismissal of any adverse comment to the Bill as activism.

The Federal Government is not listening with respect to the EPBC Act Water Trigger. Water is one of the most important resources for agriculture and is a scarce resource in Australia. The Federal Government is proposing to relinquish its role under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) and hand responsibilities back to the States. Currently the act provides that water resources are a matter of national environmental significance, in relation to coal seam gas and large coal mining development. The water trigger allows the impacts of proposed coal seam gas and large coal mining developments on water resources to be comprehensively assessed at a national level.

Surely it is time for the federal Government to take a lead in looking after our most crucial natural resource — water.

Almost every aquifer in the world used for irrigated agriculture is under duress. Our own aquifers have been heavily exploited and their capacity to provide water for towns, homes, and agricultural production such as irrigation, livestock and small industry has diminished. This is time for the Federal Government (in consultation with the States) to take a lead, and manage the overall water balance as a resource of national importance. Only if we husband this resource carefully will our future generations have water to meet their growing needs.

Work to do

We need at times to draw attention to the behaviour of CSG Companies. One of the privileges of this role is to have spent time with executives of the various CSG companies. Without exception, I have found these CSG industry executives to be respectful and considerate and they have the desire to develop a constructive culture in their organisations. Unfortunately, company representatives do not always extend these courtesies to landholders.

What was QGC thinking when they applied to have Wandoan farm land removed from strategic cropping land (SCL) classification, without any reasonable consideration of the affected landholders? Their move gave landholders only 21 days to prove their land should stay as SCL.

I emphasise that what QGC are doing is not illegal, but the motivations behind this move have left BSA feeling cold. QGC claims it wants to "go beyond compliance with environmental legislation to meet internationally accepted best practice". The fact is that if land gets removed from SCL, QGC will have lesser obligations to restore the land. If their environmental principles are as they claim, wouldn't they be actively looking to restore the landscape to full agricultural productivity - regardless of its classification?

I was pleased to see the Queensland Government extend the time for landholders to respond, but we were very disappointed that this only occurred at the very last hour, and only after the community rallied together and put pressure on (over 18,000 signed a petition that the process was unfair).

Multi-national CSG Companies are seen by landholders to have an unfair negotiating position. This power imbalance is considerable. For individual landholders to negotiate effectively with a large multi-national company, they must invest the time (taken away from their business), employ expert advice (legal, financial, agronomic) and learn about their rights and obligations under ever-changing legislation. A daunting task!

Even the GasFields commission made a comment:

The onshore gas industry will also be judged by their actions not just their words especially for those directly impacted landholders and communities in regional Queensland.

A case in point has been the recent actions by one onshore gas proponent in relation to the status of certain rural land. While the proponent was within their legal rights, the lack of adequate explanation and consultation with those directly affected landholders has eroded some of the hard earned trust and those relationships now require significant re-building going forward.

Another example of bad behavior by CSG Companies is to blame their sub-contractors for all sorts of bad behavior on landholder's properties. I could elaborate on various anecdotes about this bad behavior but to seek to absolve themselves of responsibility by blaming their sub-contractors is an insult.

There are other policy and environmental issues that we still feel need to be addressed:

- Abandoned exploration wells,
- Fugitive emissions,
- Management of salt,
- Assessing of environmental risk and policing of environmental conditioning, particular around activities like well simulation and fracking,
- Make good arrangements and uncertainty of where 'make good' will come from,
- Uncertainty around the adaptive management regime,
- Weed management,
- Fair time frames and notifications for submissions and reviews,
- · Ongoing groundwater quality and quantity concerns,
- Social and mental health impacts that have arisen due to the feeling of complete powerlessness that landholders have.

I'm afraid to say the list goes on. Each week we come across another issue that we feel hasn't been properly addressed by Government and Industry. The complexity of this industry and the law surrounding it will never go away, but if we can get government and industry to be genuine in its desire to address unresolved issues we will be part the way there.

Future of BSA

I had thought when I joined the BSA Committee that within a few years, we would be able to pass responsibility for lobbying Government and the CSG industry to look after our natural resources to other organisations such as AgForce and QFF. This may eventually be the case. We have worked collaboratively with these organisations, but because they have so many issues before them, I do not think they are in a position to give the issues surrounding the CSG industry sufficient attention.

Last year we touted the idea of CSG Watch as a vehicle to help empower local groups, to enable them to monitor the land and water resources, to link with BSA, and to solve problems associated with the CSG industry locally. Soon after, the CSG compliance unit rolled out its CSG Net, a somewhat similar concept.

As volunteers, we have in the last year struggled to find the human and financial resources to equip ourselves to move forward with CSG Watch. However, we hope to find a way to ensure there is more forensic baseline monitoring of water across the region in the coming year. In the meantime, BSA must aim to get the Co-Existence Criteria we have outlined in place. These "Ten Commandments" are all achievable, and at a meting in Roma last week with Santos, we agreed that Santos was able to meet these criteria at least in part. With concerted effort, all of these criteria can be met by the whole industry.

The current process of Environmental Impact Statements and Environmental Authorities is unmanageable. I do not have a simple solution, but it is not possible for individual landholders to read thousands of pages of detail, understand what it means and become involved to make a sensible submission to protect their businesses.

Concluding Remarks

<u>Trust</u>

CSG companies have been touting "Transparency, Teamwork and Trust". We are ready for this. Are they? Surely it is time for less lip service and more genuine fairness and transparency.

Let me elaborate. The resources industry is coming from a position of distrust. We all hear in the news of Government Ministers being found to be corrupt with payments from mining interests. Whether this is Eddie Obied, Ian McDonald or our own "home grown" Gordon Nuttall. I am not saying the whole mining industry operates this way at all, but building trust will require a concerted effort.

APPEA have been consistent in their provision of "spin", much to the dismay of many landholders. Well pads "half a netball court!" What nonsense. We hear predictions of new 18,000 jobs but then are given research that shows only 800 jobs have been created.* Then APPEA employs an ex Federal minister as a lobbyist. I do not propose to give a lecture on ethics, but you can all understand what I mean.

Social Licence has to be earned. 18000 petitioners regarding the Wandoan SCL issue can't be wrong.

^{*}Clarification 29/10/2014: A Social and Economic Project by Gisera has shown that there has been a net increase of 1392 jobs in the Surat Basin between 2006 and 2011 mostly in mining, accommodation and construction services. The project used data from the ABS Census and counted the total number of employed residents (after excluding non-resident workforces). Unlike Government and industry figures, the research took into consideration jobs lost from other sectors such as agriculture to mining. This is the first research of its type to quantify the total number of employed residents in the Surat Basin from 2006 to 2011. At the time of the last ABS census 5000 CSG wells had been drilled in Queensland. This research provides a level of detail missing from Industry and Government job expectations of CSG industry development in Queensland. Whilst industry and government have projected that there will be 18,000 jobs created for 40,000 CSG wells, it appears that they have failed to communicate that the majority of those jobs will be temporary or not within the Surat Basin region where the bulk of the impacts from the wells and associated infrastructure will occur. Source: Measham, T.G. and Fleming, D.A.(2014) Impacts of unconventional gas development on rural community decline, Journal of Rural Studies https://dx.doi.org/10.1016/ji.jrurstud.2014.04.003

We urge our government to show more concern and fairness to landholders. Landholders feel they have no where to go with their concerns. I encourage the Gasfields Commission to act strongly as an advocate for landholders rather than a facilitator of the CSG industry.

Following the Auditor General's report to parliament criticising the Government in its ability to oversee the environmental impact of the CSG industry, I would have expected to see a genuine response, with more resources to do the job.

Landholders need more support than what they are currently getting, and that support cannot be left to volunteer groups like BSA.

Acknowledgements

Being Chairman for BSA has been a great privilege for me. I have been "out of my comfort zone" but I have had an outstanding and energetic committee to work with.

I acknowledge the support and consideration given by Government Departments, the Gasfields Commission, AgForce, QFF, and Cotton Australia. We also thank Shine Lawyers, P&E Law and Ferrier & Co who have provided us with support and interpretations of the complex policies and law we are dealing with.

I must especially acknowledge BMO. Thanks Michelle! Your support has been fantastic and I know you have not charged us for all of the extra time BMO has afforded BSA.

Megan and Chelsea have been our "backbone". They are a pleasure to work with. Megan has exceptional writing skills, is remarkably insightful and a brilliant advisor and supporter of BSA. I will greatly miss working with Megan now that I have decided not to continue as Chairman.

What an exceptional bunch of committee members we have had. They are highly skilled and energetic. They are committed to providing land and water resources and a community for our grandchildren. Our committee for 2013/14 comprised:

- David Hamilton, President/Chairman
- Wayne Newton, Vice President
- Lyn Nicholson, Treasurer
- Ruth Armstrong, Secretary
- Anne Bridle
- Neil Cameron
- Peter Shannon
- Veronica Laffy
- Ian Hansen
- Lee McNicholl
- Dale Stiller

Our retiring committee members deserve special mention Wayne Newton, Ruth Armstrong and Dale Stiller thank you for what you have contributed to the committee and we wish you well.

I am happy to support the incoming chairman for as long as he/she needs, but it is time for new leadership, and I retire with the knowledge that BSA has an important role and committee members who will make a real difference.

David Hamilton Chairman

MEDIA RELEASES

July 2013	Be empowered, landholders told
July 2013	CSG Concerns addressed at BSA meeting
July 2013	Miner snaffle gas check experts
August 2013	CSG Industry on the Spin Cycle
September	Regional plan threatens future of local farms
October 2013	QGC water plant is not all good news
October 2013	Abandoned mining holes could spark gas disaster
November 2013	Plugging Abandoned Exploration Wells
December 2013	BSA launches coexistence criteria
March 2014	BSA asks CSG industry to put its water where its mouth is
March 2014	Farmers Raise contamination fears
March 2014	Liability doubts shock landholders
March 2014	Water drilling the facts (Letter to the editor)
March 2014	Driller defends water bores
March 2014	Key to coexistence is understanding
April 2014	Sneaky change could allow risky 'tight gas' extraction in Queensland
June 2014	Reports of CSG harmony are out of tune (Letter to Editor)
June 2014	Landholders dig Qld Govt's resources act
June 2014	Review time too short
August 2014	QGC moves to strip away farmers' strategic cropping land status
August 2014	QGC making grab for land
August 2014	BSA urges landholders to attend common provisions bill public hearing
August 2014	Landholder rights downgraded in new bill
September 2014	Stop lip service on CSG
September 2014	BSA AGM and we need your help to continue on
September 2014	BSA dismayed by destruction of landholder rights in new law

Submissions

August 2014	Qld Competition Authority Submission
September 2013	Darling Downs Regional Plan Feedback Submission
September 2013	Local Govt and Other Legislation Amendment Bill – notes to committee
September 2013	Submission on Review of the Strategic Cropping Land Framework
	Discussion Paper
November 2013	Brief to community cabinet (weeds, gas seepage, CCAs)
January 2014	Submission on the Regional Planning Interests Bill 2013 and attendance
	at public hearing
March 2014	Submission Towards a standardised consent framework for restricted
	land
July-August 2014	Submission for the Mineral and Energy Resources (Common Provisions)
	Bill 2014; delivery of common points at Brisbane hearing, attendance
	at Toowoomba hearing.
August 2014	Regional Planning Interests Bill Regulation 2014 Submission

Financial Report Lyn Nicholson

<u>Income</u>

Once again we have finished the financial year in credit thanks to donations in the 2013 financial year and from membership fees. Our income is derived solely from membership fees and donations. We currently have some 100 members, a similar figure to earlier years. The farmers on land identified as "Priority Agricultural Areas have gained some worthwhile concessions in their dealings with CSG companies. However, only time will tell whether the concessions are sufficient to afford prime ag land and the Condamine alluvium protection from the adverse effects of CSG extraction. I urge the current members of BSA to continue their membership so that we can continue the valuable input we have had with Government and the resource industry to date. We must be mindful of the fact that if groundwater is damaged in one area then it <u>WILL</u> affect water reserves both within and outside the gas fields and ultimately every farmer.

The concessions afforded to those occupying priority agricultural land have been well publicised by government to the extent that many city and town folk mistakenly believe that it applied to a majority of rural land holders. Nothing could be further from the truth. The lands falling within this description are a miniscule area of land in the scheme of the entirety of farming and grazing land in Queensland. There is still much to be done to provide a voice calling for fairness for the majority of rural land holders.

We have gained several members from further west and north of the Darling Downs area who are experiencing difficulty in their dealings with resource companies. In this regard we welcome John Erbacher and Bruce Uebergang who are nominating to be committee members of BSA.

Existing resource law often allows resource companies to announce their plans to farmers with farmers being taken completely by surprise and having insufficient time to prepare a considered response. When challenged on the basis of fairness the response of resource companies is to maintain that they are "complying with legislative requirements".

Governments maintain a deafening silence until pushed into action by petitions, submissions and public criticism. Farmers are empowered when they join forces in large numbers as was demonstrated recently when QGC applied to have large tracts of Wandoan farm land removed from strategic cropping land classification. The affected farmers had only 21 days within which to obtain reports from experts and prepare their submission. In response Rebecca McNicholl circulated a petition pointing out that the process was unfair which attracted in excess of 20,000 signatures. The petition was instrumental in the Department of Natural Resources and Mines extending the submission period by another three weeks. Just imagine how much of a force BSA or any other landholder group could be with a membership of that magnitude. The conundrum is how you motivate farmers to be involved and not ignore the problem until the gas companies are knocking at their front door.

As I indicated last year, Government has neither the desire, nor the manpower nor the policies in place to properly oversee and monitor the resource companies. This contention is backed up by the Auditor-General's Report. Since the LNP came to power there has been a concerted push by government to further dilute landholder rights. This culminated in the introduction of the Mineral and Resources Common Provisions Bill by the Qld Government last Tuesday despite cogent argument having been submitted to government that the Bill significantly diluted landholders rights further. Landholders have been left by government to try to negotiate one-on-one with large multinational companies in circumstances where landholders have no negotiating power and in many cases are excluded from seeking the assistance of the courts in obtaining fair and reasonable agreements. Landholders and the lawyers that represent them, are not activists and it is objectionable and unhelpful for politicians and industry to label us as such. Thus far, we have played by the rules.

Accordingly, farmers and graziers find that increasingly their time is being taken up by constantly being watchful for resource activity which will impact their businesses; learning about the monitoring resource companies are supposed to be conducting and ensuring that the companies fulfil their obligations; conducting their own scientific testing because the monitoring obligations placed upon resource companies are inadequate; ensuring vehicles entering their property have had a thorough wash down to mention just a few of the many non farming and non income earning tasks occupying farmers time while another business makes a substantial profit on their lands. It is quite frankly an unfair imposition on farmer's time. The continued erosion of landholder rights in the name of streamlining legislation necessitates constant scrutiny of all proposed legislation.

Expenditure

The main expense incurred by BSA is BMO Business Centre for secretariat, media, administration, book-keeping and accounting services. The fees paid are extremely reasonable in regard to the service provided. I would like to thank the partners of BMO Accountants for the contribution of their resources often at no charge. I also thank Megan James whose input is invaluable. Megan pulls together all the submissions made by BSA and generally sees to the smooth running of the group. I also thank Chelsea Wyatt for her input and the supporting role she provides for Megan. Without BMO Accountants BSA would not be as productive a force as it is. The committee has a wealth of knowledge which is meaningless without the support services that BMO provides in disseminating such knowledge.

Another expense incurred by BSA during the 2013/2014 financial year was the cost of the Billboard erected on the outskirts of Dalby which advertised the existence of BSA to the travelling public.

I would also like to thank Kate Boshammer at Kabosh Creative who has assisted BMO with management and upgrades to our website at a very reasonable rate.

Conclusion

Our thanks go also to Peter Shannon of Shine Lawyers at Dalby who provides the BSA Committee with pro bono advice on many issues on a regular basis and like BMO has been an invaluable asset to BSA. Thank-you also to Solicitors Lester Manning of P & E Law and Tom Marland of Ferrier & Co and their teams for their input from time to time.

Thankyou also to David Hamilton who has led us through another successful year and whose organizational skills have allowed the various committee members abilities to be utilized to their fullest extent. David's communication and negotiating skills have served BSA well and have been complimented by many. David you will be sorely missed by the committee.

Finally, I would like to thank all the Committee members for their input and time spent preparing numerous submissions on government policy documents and Industry proposals and submissions. It is with regret that Dale Stiller, Ruth Armstrong and Wayne Newton are no longer able to remain on committee. Their input was extensive and very much appreciated. I hope you will all still keep in touch with the new committee from time and alerts us to any information he considers would be of interest to us. Thanks also to Anne Bridle, Ian Hansen, Lee McNicholl, Neil Cameron and Veronica Laffy. I thank you all for you input and passion in an effort to provide farmers and graziers with a fair deal.

Lyn Nicholson Treasurer



BSA's overarching principles of Coexistence

"10 Commandments of Coexistence"

1. Resource activity must not occur unless landholder agrees.

Comment: We recognise that the community owns the underground resource and it should be developed to benefit all Queenslanders. However, the current and proposed CSG activity in the Surat Basin will have an enormous impact on our land and water resources and landholders have been greatly disempowered in the negotiation process for land access and compensation. Giving the right to landholders to negotiate on an even footing (by being able to "walk away" from negotiations) will ensure the CSG companies offer a fair and reasonable business proposition for land access and compensation. True landholder agreement can only be achieved if there is full disclosure of all planned activities by the resource authority holder.

If the landholder does agree, then the following applies:

2. CSG activity must not endanger the long term productivity of the land. The CSG industry must restore land to full agricultural productivity consistent with original 'land capability' classification once CSG operations are completed. (Therefore the original land may require classification).

Comment: This requirement to fully restore agricultural productivity should be a requirement of all mining activity on productive agricultural land.

3. CSG development must address relevant neighbour impacts e.g. overland flow issues so that activities or infrastructure on one property do not unreasonably impact neighbouring properties.

Comment: In agriculture, neighbours work together to ensure they don't adversely impact on one another. CSG companies should act in the same way.

4. There must be no net detrimental impact on underground water supplies for agricultural or domestic use. i.e. No net negative result – CSG industry must ensure sustainability of underground water.

Comment: Water is our most precious resource. By purifying CSG water and substituting this water for current uses, and by also ensuring no water is wasted, the adverse impact of the water depletion from aquifers can be minimised.

5. Critically, water quality must at all times be assured.

Comment: Current "Make Good" requirements relate to supply of water quantity. They should also apply when the water extracted for CSG operations causes a detrimental effect on water quality.

