



Northern Territory Cattlemen's Association (NTCA) – Hearing Transcript

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Darwin Convention Centre, Darwin

Speakers: Tom Stockwell and Tracey Hayes

Tracey Hayes: We'd like to read to you our jointly prepared submission.

Hon. Justice

Rachel Pepper: Thank you.

Tom Stockwell: The Northern Territory Cattlemen's Association thanks the chair and the panel members for the opportunity to talk to the scientific inquiry into hydraulic fracturing issues paper. The NTCA represents Northern Territory cattle producers, land managers and businesses in a national and international food supply chain. The northern territory cattle production sector is a renewable industry utilising land, water, air and sunlight to produce food for consumers in Australia and overseas. Our members representing over 90% of the northern territory cattle herd hold a diverse range of views in relation to hydraulic fracturing from those who support the increased development it will bring for the majority of Australians to those who feel the risks to our environment and enterprises far outweigh the potential benefits.

Following extensive stakeholder consultation, the NTCA have considered a range of views in developing the following position which we feel best represents the needs of our members. It is important to note that the NTCA speaks for the cattlemen and women of the Northern Territory. Our mission is to protect and enhance the interests of our members. Sustainability is more than a buzzword to the people of our industry. It's the bedrock of our existence and contribution to the NT community and economy.

The NTCA does not support the use of hydraulic fracturing in the northern territory in its current regulatory framework. There's many associated risks to be considered and managed and not yet sufficiently quantified, understood and explained. This is essential to ensure the ongoing sustainability of the pastoral industry in rural communities availing co-existence.

We acknowledge that considerable gas reserves located within the Northern Territory provides significant economic enticement to governments both present and future. The NTCA also recognises that fossil fuel reserves are finite, while livestock production and agriculture generally can operate in perpetuity.



We do not believe that in pursuit of benefits to be gained from extracting finite resources such as gas for energy should negatively impact on the long term benefit gain from our industry. Therefore, regardless of the outcome of this inquiry there are a number of issues of primary concern for the NTCA and our members, which are not negotiable and need to be addressed. These include the integrity and security of our land, water and terrestrial ecosystems. Our water quality and quantity. Market and consumer confidence in the safety and value of our product. Our livelihoods and businesses. Our industry systems and accreditations and the health and wellbeing of our community.

Any risks related to the above must be acknowledged and systems put in place to mitigate them, to demonstrate a commitment to limiting any potential negative impact as a result of the gas industry.

The NTCA notes a high level of uncertainty in relation to a number of these risks. A number of scientific literature reviews in recent years have highlighted gaps in existing knowledge in relation to environmental and public health. And studies released by various groups were often met with controversy, especially in relation to their impartiality. The NTCA will reference these reports in our detailed written submission.

In consideration of this lack of certainty, the NTCA expects a higher degree of accountability to offset the risks such as a model of transparent bonds held in perpetuity.

Tracey Hayes: 7.1 Water

The integrity of water, both surface and underground for livestock, biodiversity, food and fibre production and domestic purposes is not negotiable.

Control Measures

A recent survey of NTCA members identified water quality and quantity as the area of most concern. While we await the outcomes of the inquiry by the scientific panel, we believe that the following should be implemented to reduce the residual risk of hydraulic fracturing activities having an adverse impact on water sources. And they include: Comprehensively map, measure and report baseline data relating to water and connected systems based on a shared framework criteria and process to be agreed with a range of stakeholders.

Identify and exclude from exploration and exploitation areas where the risk to water is deemed to be unacceptable.

Make it a requirement that water used for gas exploration and production be obtained from a different source to that of agriculture and domestic use.



Access to water, for the resources sector, including conventional shale gas to be regulated under the water act, removing the overarching right of proponents to access water.

A better quantification and understanding of the cumulative fix of developing a gas field in terms of water use in total and on an annual basis.

Implementing obligatory, make good agreements between landholders and proponents.

To document: Proponents undertaking not to cause damage to the land's water resources. Proponents responsibility for any damage caused to the landholder's water resources. And compensation payable from the proponent to the landholder.

The NTCA accepts the risks identified under 7.1 in the issues paper.

Tom Stockwell: 7.2 Land

The pastoral sector reserves the right to protect its' terrestrial ecosystems and biodiversity. Soil and ecosystems are vital to a sustainable future.

Control Measures

To minimise risk to land as a result of hydraulic fracturing practises the NTCA believes the following control measures should be implemented:

Pre-construction baseline measurements and environmental impact assessments to include the soil profile data, particularly with respect to the surface soil to protect against contamination and unforeseen impacts of soil biodiversity or health. And regulatory land access and compensation agreements.

The NTCA accepts the risks identified in the 7.2.

Tracey Hayes: 7.3 Air

Air quality is an integral component of a healthy environment and production system.

Control Measure

To prevent detrimental impacts as a result of unforeseen release of emissions from well sites, the following control measures should be implemented:

Well heads to include air quality monitoring devices that are monitored by an independent third party. Air quality monitoring to extend beyond dust particulate



monitoring and include all emissions identified as a potential risk of release due to the fracturing process.

The NTCA accepts the risks identified under 7.3 in the issues paper.

Public Health

Human physical and mental health should not be compromised under any circumstances and is of the utmost concern to the NTCA.

The impact of an unconventional gas industry within the Northern Territory has the potential to place considerable mental strain on pastoralists directly involved in the activities, as well as those on neighbouring properties or in proposed development areas.

There is also a risk to physical health due to contamination from gas industry activities impacting on the living or working environment of pastoralists. Or increased risk of injury due to risks associated with the construction activities and activities conducted for the ongoing maintenance of assets during the operational phase.

Furthermore, chemicals and contaminants have the potential to accumulate in our livestock in the form of meat residues and they not only risk public health but create market access issues for our products.

The NTCA accepts the risks identified under 7.4 in the issues paper.

Tom Stockwell: 7.5 Aboriginal People and Their Culture

The NT pastoral sector's long association and mutual respect with the Aboriginal people. There is a responsibility to ensure Aboriginal communities are provided credible and accurate advice. NTCA is of the view Aboriginal interests are well represented in this process through the Central and Northern Land Councils.

7.6 Social Impacts

It's critical for the future of the Northern Territory that the social fabric of communities is maintained and enhanced, and the NTCA is concerned there is a real risk that an unconventional gas industry, and the boom and bust phases associated with establishing the industry, may have a detrimental impact on the long term viability of these communities.

The NTCA agrees that an exhaustive assessment of the social impacts is too early to determine. However, the highest priority must be to ensure that the benefits for communities remain post development.

Control Measures



The NTCA maintains the following measures should be implemented to ensure the social fabric of communities is either enhanced or maintained as a result of introducing an unconventional gas industry in the NT.

Establish a policy, similar to the Western Australia Royalties for Regions Programme to ensure economic benefits generated as a result of the unconventional gas industry are invested into the communities affected by the shale gas projects.

Benefits should be in the form of investment in infrastructure and long term capital assets.

Compensation to be negotiated on a case by case basis with individual landholders.

The NTCA accepts the risks identified under 7.6 in the issues paper.

Tracey Hayes: 7.7 Economic Impacts and 7.8 Land Access

The NT pastoralist industry reserves the right to exist without detriment from another industry and maintains that those that hold a proprietary interest in the land, reserve the right to negotiate access including the right to say no and, or, yes.

Access to pastoral land and the conditions upon which the land is accessed has been identified as key to managing a number of other risks identified by the panel. For example, mental health is linked to the ability of a pastoralist to negotiate control points, that will provide confidence that project risks are adequately managed. Therefore, the conditions under which land is accessed is considered a critical point for pastoralists.

Control Measure

Due to the varying degrees of risk associated with each project and complex issues, there will be unique conditions, from site to site and project to project. The NTCA considers individual rights critical to upholding the welfare of pastoralists in the individual businesses and as such maintains that a gas industry model, in the Northern Territory must include the right to negotiate compensation for individual landholders, including the right of a pastoralist to say no, and, or, yes to access.

The right must be legislated as perpetual leaseholders, NTCA members have the right of exclusive possession of their land. Each landholder has the right to generally use the lease in accordance with the lease conditions, without limitation.

The NTCA accepts the risks identified under 7.7 and 7.8 in the issues paper.

7.9 Regulatory Framework

The current regulatory land access framework is inadequate and does not meet the expectations of landholders or delivers any compensation. The government must



establish a legislative framework for land access, conduct and compensation agreements between landholders and proponents.

The land access framework must acknowledge that the proponent has a general liability to compensate landholders for any compensable affects suffered by the landholder and the land access, conduct and compensation agreement must be agreed before access is undertaken.

Land access, conduct and compensation agreements can only be negotiated through full disclosure by proponents that avails to the landholder what, where and when of the activities to be undertaken on their land.

Government must legislate that a proponent who enters land in a petroleum authority's area to carry out and activity without agreement must be liable to a penalty. The NTCA requests that the inquiry investigates a regulatory model that includes a layer of independent regulatory protection, particularly in relation to gas well integrity during construction, exploration and production, and once decommissioned.

The NTCA requests the inquiry investigates a model of transparent bonds, held in perpetuity and managed by an independent authority.

The NTCA request the inquiry investigate the merits of a gas reservation policy, on behalf of all Territorians to ensure residents have access to clean and affordable gas for the foreseeable future.

The NTCA accepts the risks identified in 7.9 in the issues paper.

Tom Stockwell: Closing statement.

The NTCA is seeking, on behalf of its' members, the ultimate right to protect the land, border, natural resources and their livelihoods.

In summation, it's the NTCA's overarching position that we do not support hydraulic fracturing in its' currently regulatory position, as the associated risks have not been sufficiently quantified, understood or explained.

We support a landholder's right to say no to access, conversely this includes the landholders right to say yes. Should a landholder say yes to access the government must establish a legislative framework for mandatory land access, conduct and compensation agreements between landholders and proponents.

The NTCA will provide a comprehensive written submission as the inquiry process evolves and progresses. And the NTCA is available to provide assistance to the inquiry as required.

The NTCA reserves its' final position on the identified and future risks until the results and recommendations of the inquiry are known.



Thank you very much.

Tracey Hayes: Thank you.

Hon. Justice

Rachel Pepper: That's the view for that very comprehensive statement which actually addressed the issues paper, which was good, and the way you worked through it was very helpful to the inquiry.

I've got a couple of opening questions.

First of all, how many members does your organisation represent?

Tracey Hayes: We represent approximately 90% of the beef herd. Our membership is calculated on a per herd basis.

Hon. Justice

Rachel Pepper: Okay, so 90%, all right.

I guess going to, possibly, the most contentious aspect of your presentation, or what I anticipate will be the most contentious aspects of right of veto, we put this to both ORIGIN and SANTOS this morning and their response was, "Well, you don't know what's underneath the land and that's the property of all Territorians." What's your response to that?

Tracey Hayes: Okay, I agree and I understand the broader principle about the right to the resource and it you, and you, and you and all of us.

However, if you think about it from the broader community expectation perspective and this issue of social licence, we have seen, in other jurisdictions, where as a result of community outrage, it has simply been no to access, in any form, for an indefinite period of time. And it is my view that if you disempower landholders, the right to have a level of control over what goes on over their livelihoods and their businesses, that you enrage that response.

However, provided that there's an appropriate regulatory regime in place to protect all of the things that we've mentioned today then I think it's the landholders' rights to be able to have a say either way, what goes on their property.

Hon. Justice

Rachel Pepper: Thank you. Yes, Dr. Jones.

Dr. David Jones: Just getting back to this issue of land access and compensation and other things, if we follow the Queensland model there's something like 1450 agreements that SANTOS told us that they had with landholders. What do you do about that model because, by negotiations you see some advantages but the disadvantages are the individual landholders can be picked off and it encourages competition and other things, and secret business.

Do you think there should be some kind of baseline for an agreement that ... some minimum standard that should be in all the agreements?



Tracey Hayes: Look, I think it is something worth considering and if we just think about the Queensland model for a moment, it's taken them a long time to get it even close to right and there's been an awful lot of hardship along the way.

The Northern Territory has got a unique opportunity now to get the settings right from the start and it's our view that access, compensation, conduct agreements will go a long way to delivering that.

I can't speak for the games that are played between gas companies and landholders but I'm very much in support of the view for individual businesses to have the right to negotiate what goes on their property.

Dr. David Jones: Okay, and just a supplementary question.

With the current players, at where, in terms of exploration, are they made good agreements in those current arrangements?

Tracey Hayes: I'm not privy to the individual agreements that are currently in place but I believe there is a deficit in the current petroleum legislation in relation to that.

Tom Stockwell: There have been examples in terms of the exploration stages where one company has at least has put aside an extra bond ... I just forget what it was, but quite significant, in an agreement with district landholders. But it was a company to ... landhold thing. It was above and beyond what they were required to do.

Prof. Barry Hart: You identified the accumulation fracking chemicals in livestock and the impact that would have on domestic and overseas markets. Do you have any evidence there's a serious risk or ...

Tracey Hayes: It's very difficult to access evidence in relation to shale gas, and the potential risks. And we believed it was an important enough issue to put towards the panel in the hope that you will consider the risks of that in your deliberations and form a position on that.

Hon. Justice

Rachel Pepper: We need the evidence.

Prof. Barry Hart: I was just trying to ...

Tracey Hayes: Can I take that on notice and I will endeavour to seek out some supporting evidence for that.

Prof. Barry Hart: Yeah, particularly in terms of what might be the pathways of which chemicals can get from here to the cow. That's the first thing.

Tracey Hayes: Sure.

Tom Stockwell: And I guess, part of the issue we're dealing with, as non-experts in that particular area is, you see a report that says one thing, then automatically someone else says,



"no, that's rubbish. This is the real situation." So it's really hard for us to sort the wheat from the chaff.

But what we're dealing with is a consumer and customer base that is really sensitive to this and we've got organic producers, but all of our beef goes out as natural, grass fed beef, just about. So the perception of issues in the quality of our meat, that sort of thing can be devastating so we can't afford to have the whiff of impropriety about it, is our issue.

Hon. Justice

Rachel Pepper: I guess there may be some useful analogies as to whether or not there has been an impact in, for example, states in the United States where there have been documented instances of contamination. I guess I'm wondering whether or not in Queensland, whether or not there's any evidence there that you can draw upon. I mean, it does have a cattle industry.

Again, I would have thought, if there was evidence to be had, you'd find it in Queensland now.

Tracey Hayes: And pursuing it by Meat and Livestock Australia would be a good start.

Hon. Justice

Rachel Pepper: Thank you. Yes, Dr. Beck

Dr. Vaughan Beck: You mentioned the Royalties for Regions Programme in WA, so I'm just wondering what you would like to perhaps see come to the Northern Territory and what sort of infrastructure you might like to see developed?

Tom Stockwell: So, I come from around Daly Waters, which is off the Stuart Highway and that's what development we have, we aim for Stuart Highway. So all of our roads are dirt, impassable in the wet season, there's no roads, there's no mobile phone reception. You know, there's very little community and there's meagre community amenity, in terms of that. So it would be a district by district need, I suspect but to me the principle of ... if there's going to be money made out of that region we shouldn't ... My experience in the Territory is if there's money spent on good capital investment, like a good bitumen road or a power line, or something like that. Eventually, that is made use of and added on to, but at least it's there for people to build off. But if we go and spend it on a song and dance festival, or something like that, well it's gone.

I guess that's the distinction we're trying to make.

Hon. Justice

Rachel Pepper: There are documented examples of where the gas companies themselves have provided that infrastructure as part of the conditions that have been negotiated as part of the land access arrangements, so there are potentially benefits, infrastructure benefits, to this industry.

Would you care to comment on that?



Tracey Hayes: Well in the first instance I would agree. There is a potential benefits to be gained through investment by gas companies in infrastructure and we've seen examples in other jurisdictions where exactly that has occurred.

Tom Stockwell: The converse to that, if I may, is the example we had with the building of the North Australian railway line through our district, where there were agreements in place, they were major users of an arterial gravel road which they wrecked in the process of building the railway line and they had made good provisions at the end of the project.

At the end of the project they closed that company straight away and there was no one to chase to fix up the road, so that must be 10 or 15 years ago and we still have a miserable road servicing a lot of our district.

So, we don't want to end up there.

Hon. Justice

Rachel Pepper: Any other questions?

Dr. Vaughan Beck: The Royalties for Regions is trying to develop some infrastructure for the region so you would need to get, presumably some agreement amongst the NTCA in terms of their members and what they would want.

I'm just trying to get an indication because at the beginning you said that the NTCA have got quite a diverse range of views at the moment. So, how would you see that sort of consensus building within the NTCA on those sorts of issues, given the diversity of issues that you're also acknowledging and we appreciate the articulation of those differences.

Tracey Hayes: One thing that we're 100% certain on is full agreement on the requirement for enabling key pieces of supply chain infrastructure. At the top of the list is roads. Roads not only benefit the partial of the street but also the entire Northern Territory community.

So I would suggest, that the capacity to be able to get our product to market 365 days a year would be most attractive to all.

Hon. Justice

Rachel Pepper: Anybody else?

Well we're obviously going to keep going because we have minutes left.

I think you've mentioned that you'd prefer at least one of the measures that you suggested was compensation, and to be negotiated on a case by case basis. That may perhaps be advantageous if you're a larger operator or if you're a larger pastoralist, but would there be any utility in having, say, a minimum amount of compensation that was available and then you could have negotiations on top of that.



I guess I'm concerned that there may be some instances, where, due to a lack of transparency, pastoralist A is not getting the same as pastoralist B and there's no really good reason for that.

Tracey Hayes: Okay, I'm aware of discussions between landholders previously where there has been some level of uncertainty as to where to start in this area of negotiation. I'm also very much of the view, I think it is an individual business's right. I would like to take that on notice and get back to you with a position on that and I'd like to seek specific feedback because there is also a view that if you set a baseline amount that that's where the gas companies will want to sit. And we're very much not supportive of that being the position.

Hon. Justice

Rachel Pepper: Sure, just that negotiating these types of deals are costly, they take people away from running their business.

Tracey Hayes: Yes.

Hon. Justice

Rachel Pepper: And they usually involve lawyers and there can be, obviously, associated difficulties with all of those.

Tracey Hayes: Yes.

Hon. Justice

Rachel Pepper: And that's a complaint that has come up during the course of the past couple of days from various pastoralists.

Tracey Hayes: There are numerous examples of where enormous amounts of time have been required from pastoral businesses and some small family operators that really aren't able to afford that time spent in negotiating with other. With the gas companies, in numerous examples, the minerals industry and there aren't any current leavers available to request compensation for that time.

Hon. Justice

Rachel Pepper: I've got two additional questions, one is in relation to the trust, that you mentioned, to be held in perpetuity. Is that to deal with legacy issues, is that what you meant by that trust? It was just a bit unclear.

Tracey Hayes: Yes, so environmental bonds held in perpetuity. So, we've seen examples where there's been speculation that pressure has been applied to governments to access bonds when the resources sector is in a downward trend. So it is our view that, environmental bonds help in perpetuity must be free of influence from government and managed independently.

Hon. Justice

Rachel Pepper: I see. And then one last question from me, at least, which is I think you mentioned the risks associated with injury during the construction phase. Was that injury to the pastoralists? I was a bit unclear about that as well.



Tracey Hayes: So, perhaps we need to be more specific to that but it's risk to pastoral staff and families. There've been numerous examples of close calls on roads and blind corners. You know, there's no speed limits so we're talking at times up to perhaps 80 to 100 people habitating a piece of land that might normally only have five on there.

Hon. Justice

Rachel Pepper: I see.

Tracey Hayes: That was where we were heading with that.

Hon. Justice

Rachel Pepper: Increased vehicle traffic and ... all right, thank you. That was everything from me.

Yes?

Prof. Barry Hart: Just to tease apart a little bit your suggestion for power of veto. Would you see that as being available at any stage? Because you know, we've got exploration, someone might agree at that particular stage, then there's development, they still might want to agree and production, they might not want to disagree. So are you ... is there any stage of the process?

Tracey Hayes: We haven't included a stage in our submission but it is my view that if a landholder is fundamentally and philosophically opposed to any type of co-existence with the gas industry then they should have the right to say no.

Prof. Barry Hart: That's one thing that's pretty easy then.

Tracey Hayes: Yes

Prof. Barry Hart: I'm just wondering if there's a ... you would wish the power of veto at any stage along the process?

Tracey Hayes: I believe so. There would need to be a reason to trigger that change in the landholder's position and I would suggest that it would be as a result of conflict or detriment.

Hon. Justice

Rachel Pepper: Anything else?

Dr. Vaughan Beck: Just a question.

Hon. Justice

Rachel Pepper: Last question then.

Dr. Vaughan Beck: You've clearly articulated your bottom line as the power of veto. If that issue was then granted are there any second order issues that really come nearly to the surface but don't quite make it the importance of this veto? Where's your other areas of principal concern as simple as the veto issue?

Tracey Hayes: Land access, compensation and conduct agreements.

Dr. Vaughan Beck: Right.



Tracey Hayes: Legislated.

Dr. Vaughan Beck: Okay, thank you.

Hon. Justice

Rachel Pepper: Thank you very much.

The submission that you wrote out today ... The statement that you wrote out today, will that be incorporated into your submission or can you make that available to the inquiry?

Tracey Hayes: Yes, I'll make it available.

Hon. Justice

Rachel Pepper: Thank you, that's very useful.

Tracey Hayes: Thank you.

Hon. Justice

Rachel Pepper: Thank you for your time today.