



Consolidated Pastoral Company – Hearing Transcript

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Darwin Convention Centre, Darwin

Speaker: Troy Setter

Troy Setter: Thank you. I welcome the opportunity to present to you today the pastoral industry as a key sector of the Northern Territory economy. And our industry accounts for over forty percent of the Northern Territory land mass. It is a major user and custodian of NT's ground water resources. It is these natural resources in a sustainable and responsible manner or generating in direct jobs and contributing to local food security that is so important to us.

Shale Gas Fracking could impact adversely on the profitability and therefore sustainability of the pastoral industry. Any economic benefit to flow from Shale Gas must be offset against the economic and social costs of the industries such as the beef industry that use another custodians of the Northern Territory's natural resources that they use in a sustainable way.

Consolidated Pastoral Companies CPC is the biggest private beef producer in Australia. CPC owns and operates a portfolio of sixteen cattle stations with the current capacity of 367,000 head of cattle across northern Australia.

We also operate to feed lots in Indonesia giving us vertical integration into South East Asia through our own cattle as well as cattle from the Northern Territory, Queensland and Western Australia from other producers that we purchase from.

In the Northern Territory, we hold ten pastoral leases covering some 2.55 million hectares of land with a current capacity of close to 200,000 head of cattle. CPC and the other 220 beef producers in the Northern Territory are the major consumers and custodians of ground water and occupy more than forty percent of the territory land mass. Therefore, the commercial viability of this industry will be directly affected by the terms of the report that you deliver to the Northern Territory government.

As the manager of nearly half of the Northern Territory. The industry provides a significant public good preserving the terrestrial ecosystems and bio security of the Northern Territory's as well as managing weeds and feral pests through responsible land management practises, for which it receives no direct compensation. Therefore, any adverse outcome from the pastoral industry from this inquiry will also have implications for the natural environment of the Northern Territory.

The issues paper the year released on the twentieth of February, identifies nine risk areas for possible risk from Shale Gas Fracking in the Northern Territory. While not



all nine areas of risk are directly relevant to CPC, my presentation today will focus on land, including land access, water, economic impact of fracking on our business and I'll also make some comment on the regulatory framework.

Water.

The issues paper identifies possible threats fracking presents to the surface and ground water. The paper states economic changes to water quality, supply and distribution, may have an inverse effect in the industries that may coexist with the onshore unconventional gas industry such as agricultural pastoralism and tourism.

The viability and the value of the pastoral lease is operated by CPC is dependent on the carrying capacity of the land and access to water. Underground water is the main source of water for CPC stock, although we do have considerable above ground water resources that we look after.

CPC operates numerous bores to make the needs of its herd which consumes in the order of 2400 mega litres of water annually. CPC currently does and plans to in the future use underground water and above ground water to grow crops on its land. This water is currently at risk with fracking. Any significant change to the ground water resources on CPS's land would have an adverse impact on our business and the community that we support. We are a considerably large employer in the Northern Territory both direct and indirect and we take our role and our responsibility in the community very seriously.

Any contamination of this ground water would clearly have a negative impact. The issues paper identified numerous risks with ground water, surface water and other water. The paper stated that there may be risk to ground water contamination from induced connectivity between hydraulically fractured shale formations and overlying or underlying aquifers.

Surface spills of chemicals, flow back water either produced on ground or above ground, leaking wells as a result of poor design, construction or operation. The reinjection of flow back water and induced connectivity between the different ground waters from seismic action. For any of you who have spent time on the Barkley will know that there is significantly large pools underground of good quality water and low quality water. There's significant underground salt caves and when you're putting a bore down for livestock use or for stock and domestic use, you need to be very careful about that water.

Our biggest concern is that those water caves would be damaged and the water mix. Effectively we would have significant areas of poor quality water being mixed with the small quantity available of good quality water. The paper states that there's a significant risk to surface water and that certainly concerns us. Onsite spills, including the result of extreme weather events such as cyclones and floods could mix poor quality water with our environment.

Spills that occur during the transportation of chemicals to or on or during a site or development production phase are a large risk for us. The water supply and distribution is also a big concern of ours. The paper states that there may be risks of



adverse environmental results from reduced water supply due to large amounts of water being fracked for use of hydraulic fracking.

It states that there may be a risk of change and or timing on quality of surface water available. It certainly concerns us. There may be a risk to surface water and ground water processes as a result of possible seismic activity caused by hydraulic fracking or re injection of water. There is no such thing as waste water. The is only wasted water. It concerns me greatly to hear people involved in this industry talk about their use of waste water. Waste water is water that is being wasted by people and we don't believe in waste water.

The paper states economic changes to water quality supply and distribution may have a inverse impact industries that may coexist with onshore conventional gas industries such as agriculture pastoralism and tourism. The paper certainly and the issues around water are significant. These risks are significant and our opinion are too great to allow fracking to occur in the NT at this time.

Land.

The issues paper identifies a range of risks to land from fracking. We manage close to 2.6 million hectares of land across ten pastoralists in the Northern Territory. We note the work done by the CSI a row that studied the impact of coals and gas mining on farmland showed in their model that the sample area averaged a loss of 2.17 million dollars over twenty years when coal seam gas mining activity was present.

If there's going to be detrimental impact to other industries, that needs to be worked out upfront and a formal Aus mechanism put in place. It found the biggest cause to losses of agricultural production form the gas industry was from access tracks and lease areas. The current legislation that is written for the Northern Territory for the management of access to land does not align to the modern proposals for mining as they sit today.

The committee might want to consider engaging a CSI irate or take a similar study for Shale Gas so to former inform their deliberations.

Land.

The issues paper identifies possible risks that hydraulic factory may have on the ecosystems biodiversity and soil health. We're quite concerned about the loss of vegetation from local mining. The impact of weeds, the impact of feral animals and also the cost and time of supervision. Land access is a big issue for us. As we've already stated, the current legislation is not up to date for land access in the Northern Territory.

We note legislation was written we weren't thinking about mining. We weren't thinking about fracking and we certainly weren't thinking about people entering property for tourism purposes. We've spent considerable amount of time checking our land, maintaining weeds and access through mining could undermine that. There may be risks associated with chemicals in drilling and hydraulic process that will have an impact on soil health. But also as the previous speaker spoke about, the



risks of meat residues being vertically integrated producer of beef for people to eat. We are very worried about chemicals entering the food supply chain and residing in our animals and impacting our markets.

As I've touched on before, land access really worries us. As an entity responsible for ten pastoral leases we note that the regulatory regime for coal seam gas in New South Wales has said that before any activities can commence, the company must enter into a written access agreement with the land holder. As part of this process, the company must also consult with the land holder over where the drilling will occur, provide a plan and description of the land where they wish to access and a description of what sort of exploration methods they intend to use.

Access arrangements may also include provisions to minimise any loss or interference and land holders are entitled to compensation for any loss caused or likely to be caused as a result of activities on their land. If an access agreement cannot be arranged in 28 days, the company may request the land holder appointed mutually agreeable arbitrary in which we don't currently have in the Northern Territory.

The New South Wales government has appointed a land and water commission to provide independent advice to land holders, resource companies, communities and government on mining and coal seam gas activities in that state. CPC further notes that an agreement between SANTOS and AGL and the New South Wales farmers association in two thousand and fourteen, gave farmers in that state the right to say yes or no to explorers seeking to access their land.

Clearly the ability to refuse access strengthens the position of the farming community in any negotiation. Therefore the key to an effective legatory framework requires appropriate balance and the rights of all stake holders. Land holders in the Northern Territory have paid and invested significant capital into their land and should not be forced to have their investment eroded.

Land access.

The paper issue states the nonconventional gas industry has been highly controversial in Australia and a large number of issues and disputes and conflicts have appeared. The paper notes that in Australia the Crown own the mineral and petroleum resources beneath the ground and it is able to grant title to industry regardless to ownership of land on the surface. This has resulted in tension between those holding propriety interests in land on one hand and the industry require access to land on the other hand.

The paper certainly outlines the risk the land holders, occupiers and traditional owner associate with hydraulic fracking on shore, conventional shale reserves and associated activities. The risk certainly come down the gas companies not consulting adequately with land holders, occupiers or traditional owners in gaining access to the land for exploration purposes.

Gas companies and land holders and traditional owners do not negotiate mutually beneficial conditions and outcomes would be a big problem in any agreement



permitting to access and compensation paid for their access or the disturbance of their land needs to be more than adequate. The issues paper also states there may be a risk if an accident in the exploration or extraction or production of any gas with the land was not properly remediated or the land owners, occupiers or traditional owners were not adequately compensated.

I think there's really unique opportunity for the Northern Territory to learn from the issues of other states. We have considerable land holdings in Queensland and I spend a fair bit of time flying over Queensland and see large tracks of mining land that is not rehabilitated, the shelf companies have been collapsed and the farmer and the people in the outlining areas are left with areas of land that contribute negatively to the environment, both as a storage spot for water, vermin and weeds.

Economic impacts from mining need to be carefully predicted and worked out. Any adverse impacts to the access to ground water or quality of ground water would have a significant impact on the pastoral industry and the CPC. Further, any changes in land use or pastoral lease that limit the carrying capacity of the lease, would have an inverse impact on the viability of the overall Enterprise.

Any economic benefit to flow from the Shale Gas industry must be offset against the economic and social costs to industries such as beef that use the Northern Territory's natural resources in a sustainable way. That'll require comprehensive cost and benefit analysis to be undertaken in response to any application to explore for coal seam gas.

The regulatory framework through the issues paper identifies the failure of the current framework to appropriately balance the rights of land owners, occupiers and the traditional owners of who's and the gas companies at risk. If the regulatory framework properly takes into account the interests of all stake holders and it meets key public policy objectives such as protecting the environment, mitigating public health risks, predicting indigenous culture and ensuring an equitable flow of any economic benefits to the company, the community and the government and the land holders will be in a much better position. We still believe that the land holder should have a right of veto if they do not want mining on their land.

The issue paper states that regulatory framework is a principle way by which governments ensure that industries operate in the ways that benefit the community as a whole and align with community expectation. However, your paper notes that there is risk that the design implementation of any regulatory framework that does not meet these objectives or does not meet these expectations will cause significant challenge.

We firmly believe that there is a lot of opportunity in the Northern Territory. We believe the Northern Territory has many sustainable and viable industries currently with huge potential for expansion. And these industries and the communities that they support cannot be out at risk either now or into the future through fracking in the Northern Territory.



Thank you for the opportunity to present today and I look forward to questions. We will be putting our comments into a submission that will go in by the due date.
Thank you.

Hon. Justice

Rachel Pepper: Thank you Mr. Setter and those comments will be back up backed up by some evidence you referred?

Troy Setter: Yep.

Hon. Justice

Rachel Pepper: Excellent. Wonderful. I just wanted to clarify ... and please I hope that I'm not coming across as really defensive ... but to the extent of, you seem to suggest that the issues paper had identified for example, that there were significant risks in relation to water. I think that's your characterization, not ours. We certainly haven't used the word significant anywhere. And again in relation to ... I think you said that there's a regulatory failure that had been identified in the background issue newspaper. Again, I think you meant that's your characterization, certainly it's not ours.

Any questions? Yes. Ms Coram.

Ms Jane Coram: Thank you Mr. Setter for your extensive comments.

In your introduction, you commented that CPC's a major user and custodian of ground water resources and then went on to outline a number of concerns about potential impacts to ground water resources. I'm just wondering if you would countenance that there would be the possibility that with further investment there might be efficiencies that could be found in the pastoral sectors use of ground water and distribution of ground water. And whether there might be a way that by defining those efficiencies water could be freed up for gas industry? Or whether you think that those efficiencies have already been achieved?

Troy Setter: We've certainly invested considerably in water use efficiency over many years. This year we will spend close to 8 million dollars in the Northern Territory predominantly around water. So we will be with no support from anyone other than ourselves, putting in more tanks, covering off more bores, using higher flow water pipes to reduce friction and reducing water loss. So we already currently invest in water use efficiency in the Northern Territory.

We don't operate any open bore drains, we don't have any settling ponds or anywhere that we put any waste water and certainly the vast majority of our dams are fenced with pumps out of those dams into water troughs to try and reduce the loss of water or from livestock.

In terms of efficiency from water use form mining and whether there was any potential for that water to be shared, we'd be open to that. I think one of the areas that concerns us is the measurement of water that mining would use and how is that actually measured and who's responsible for measuring and how is that contained if that water comes back up.



Ms Jane Coram: I note that you estimated your industries water use per year and we were very interested to see the basis of that estimate if possible.

Troy Setter: Yep. So that's our companies water use. That's based on a per head consumption times number of head utilised in the Northern Territory.

Ms Jane Coram: If you could give us evidence of that, that'd be terrific. That'd be wonderful.

Hon. Justice

Rachel Pepper: Yes. Anyone else?

Don't take the lack of questions in anyway meaning to say that we're not interested in what you're saying. I suspect it's more the time of day. But I look forward to your written submission. Thank you very much.

Troy Setter: Thanks.