

Transcript

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Compere: **CAMERON WILSON**

Item: **INTERVIEW WITH DREW HUTTON, PRESIDENT, LOCK THE GATE ALLIANCE AND MICHAEL BRADLEY DIRECTOR OF EXTERNAL AFFAIRS, APPEA ABOUT COAL SEAM GAS AND MINING.**

INTERVIEWEES: DREW HUTTON, PRESIDENT, LOCK THE GATE ALLIANCE; MICHAEL BRADLEY, DIRECTOR OF EXTERNAL AFFAIRS, APPEA; RAY BROWN, MAYOR, WESTERN DOWNS REGIONAL COUNCIL

CAMERON WILSON: First up this morning, we're looking at the contentious issue of coal seam gas and mining near rural communities, with two states, Queensland and Victoria, announcing changes to legislation governing CSG and mining exploration. In Queensland, the Newman Government has abandoned a bill introduced by the previous Labor Government to restrict mining within a two kilometre buffer zone of towns.

In Victoria, the state government there has made changes to its minerals legislation that means communities cannot apply for exemptions from mining exploration without that area first being assessed for its potential. To talk about the implications, I'm joined now by Drew Hutton, president of the Lock the Gate Alliance in Queensland. Welcome, Drew.

DREW HUTTON: Hello, Cameron. How are you?

CAMERON WILSON: Good, thanks. Michael Bradley is also with me. Michael is director of external affairs with the Australian Petroleum Production and Exploration Association. Michael, thank you for coming on the program. Appreciate it.

MICHAEL BRADLEY: Morning, Cameron. Pleasure to be here.

CAMERON WILSON: Drew, let's start with you. What was good about the Bligh Government legislation?

DREW HUTTON: It recognised the fact that coal seam gas had a - and coal mining, of course - had [indistinct] impact on local residential areas. It's not exactly, you know, genius stuff to recognise that, but it's hard enough with the powerful political influence that the resources industries have to even get that recognition.

So it wasn't a bad step, but what the Newman Government has done now in Queensland is hand that back to the local councils, and local councils are so desperately in need of the coal seam gas companies providing back up for local infrastructure - which, in fact, they're the ones putting pressure on, like roads and sewerage plants and so on - that they're not going to say no to anything from the companies.

CAMERON WILSON: But these laws were never enacted, so what does it matter if they're gone?

DREW HUTTON: Well, they were never enacted because the Bligh Government was voted out, and the Newman Government, which came in over a year ago now, has decided to turf them out altogether, which basically means that we will - and it always has meant this - that we will have coal seam gas infrastructure - you know, wells and pipelines and other infrastructure - right next to where people live, and right next to towns. There's no reason, in fact, why coal seam gas wouldn't be right in the middle of towns in Queensland, and in Victoria, which is a logical extension of this latest move by the Victorian Government.

CAMERON WILSON: But in the Queensland case, it won't go ahead if the local council is against it.

DREW HUTTON: Well, as I said before, the local councils are usually actually in thrall to the companies that surround them. There is such pressure on the councils to provide infrastructure, because these companies have massive impacts, especially on the road system, that just in order to keep the roads maintained, the companies have to put in for that. As well as that, the local companies provide pressure on all sorts of infrastructure provided by councils, so they have to pay towards the upkeep of that infrastructure.

Now, that provides them with an enormous amount of influence over the councils. You know, they just

simply withdraw from some of those obligations and the councils are in real trouble. So they've got an enormous, you know, control over the councils, and they will use it. The councils will not - there are three main councils in Queensland that are affected by this. That's the Toowoomba Council, Western Downs Council, Maranoa Council. They are simply not going to say no to the coal seam gas companies.

CAMERON WILSON:

We've just got hold of Ray Brown, who is the mayor of the Western Downs Regional Council. That's around Dolby in Queensland. Ray Brown, thank you for joining us. Is that a fair point? Are the local councils hostage, if you like, to major resources companies?

RAY BROWN:

Good morning, Cameron. Look, certainly I think that I cannot agree with Drew in relation to this. The council themselves determine what they're going to do for their communities. Now, you've got in my case 23 towns and 99 small communities. Each one of them is different and unique, and I certainly welcome - particularly in our case, with the regional plan, where it has allowed each community to determine what they want to do for development in their region.

Now, I know across the whole of Australia people are crying out for development in rural regional Queensland. Yes, we have enormous development. It also comes with these challenges - comes the opportunity, and I will not stand in the way of opportunity as long as it's done with major

regulations in place. Now, the state and federal laws that are in place are hefty regulations.

Our job is to make sure that they're complied with. Now, it also gives the opportunity for local authorities to upgrade very ageing infrastructure. A lot of this infrastructure was put into place after the Second World War. It has now given us an opportunity to - yes, in partnership with some of the mining sectors and energy sectors, because there's some substantial dollars that go into upgrades. But it gives the opportunity for your towns to upgrade facilities for that community.

CAMERON WILSON:

But is that fair? Should rural Australians only get their infrastructure upgrade if they have a big resources project in their back garden? That's not what applies to city Australians.

RAY BROWN:

No, that's exactly right, but you've got to remember in rural and regional we do not have the population and rate base to actually put those major infrastructures. A lot of them are community service obligations, so you use a lot of your rates, and there's probably never full cost recovery. So this is an opportunity as long as we're not blinded by the wealth - and I do take on board what Drew mentions in relation to the wealth from the mining sector.

But we certainly are not held at ransom. We're not held at ransom by the mining companies, and we're also not held at ransom by the state and Federal Governments when it comes to putting in

infrastructure for what our community wants, and that's what I've got to harp on. It is our community that's asking for this.

CAMERON WILSON: All right. Thank you, Ray. Appreciate it. Ray Brown, mayor of the Western Downs Regional Council.

Drew, if I can come back to you - Drew Hutton, president of the Lock the Gate Alliance. It's a fair point, isn't it? Local councils are best position to decide what a local community needs?

DREW HUTTON: Yes. Well, if I had had a chance I would have asked Ray how many of those local communities does he expect to be putting a two kilometre buffer around for these coal seam gas industries. It's not going to happen. It's simply not going to happen, even though it's a rational policy to introduce, even though it's in the best interests of those people - because who wants to live in the middle of a gas field?

It's not going to happen, because the local councils simply don't have the bargaining power when it comes to these companies, to put that imposition on them. State governments are the only ones who can do it. They've thrown the responsibility away. We're going to get coal seam gas wells right up to the edge of town, and possibly even in towns in Queensland, and the same thing is going to happen in other states if you allow the coal seam gas industry to run as rampant there as it has in Queensland.

CAMERON WILSON: So is there anything that you would like to see put in place to control or restrict or regulate CSG development, or are you just against the industry altogether?

DREW HUTTON: No, we're not against the industry altogether, but there has to be the recognition that this word called co-existence, which they use all the time, is simply inappropriate. Coal seam gas and coal mining cannot easily co-exist, cheek by jowl, with other land uses like residential areas, like areas where there's vulnerable underground water systems, or water systems generally, and where there's important environmental areas and farmland.

So if you, you know, get your map and you say, they're your no-go zones. You can go outside those zones, but those other zones there - simply co-existence can't work, then we're happy for the industry to go ahead. That's what never happens. It's just simply allowed to go right across the landscape without any hindrance whatsoever.

CAMERON WILSON: Drew Hutton is the president of the Lock the Gate Alliance.

Now, I had better go to Michael Bradley, the director of external affairs with the Australian Petroleum Production and Exploration Association. Michael, thank you for holding on. I take it you're pleased with the changes and proposed changes in Victoria and Queensland. Why are they good for industry and the community?

MICHAEL BRADLEY: Look, we've always opposed the two kilometre buffer zone, not because we think we have a right to go wherever we want. We oppose it because the regulation of our industry - or any industry, for that matter - should be based on science, not arbitrary lines on a map. You regulate for real risks, not just because somebody thinks that two kilometres is the right number, or five kilometres is the right number. You've got to actually look at what the facts are, what the real impact is, and how you manage it. Now...

CAMERON WILSON: But shouldn't it also be based on what the community wants?

MICHAEL BRADLEY: Of course it should be, and I think the point made by Ray Brown was a good one. The challenges facing Ray and people like him in Queensland are challenges associated with growth. You've got regional communities which for decades have been in decline, dying, all of a sudden faced with challenges such as roads, housing, skills shortages. These are real challenges for these people, but they're better than the alternative.

What we find in our industry is that we actually get the greatest support in the communities where our industry operates. You've got 4000 landholders in Queensland who do co-exist. I know Drew doesn't like the word, but we do co-exist with these people. Farmers see the benefit in having a gas industry as a partner, as a business partner, because they get a guaranteed income flow. They get water. They get to

drought-proof their properties. They see this as a sustainable long-term business relationship.

It's in places like Victoria and even New South Wales, where our industry doesn't even exist, where you get - let's call it for what it is - a scare campaign, and a fair bit of nonsense out there. It's understandable why people get alarmed or concerned about the development of our industry, but when you actually go to where the industry exists, you find 30,000 Queenslanders working in it, day in, day out. You find 4000 farmers who work with it, day in, day out, and you don't get the doomsday scenario that Drew has just painted for your listeners.

CAMERON WILSON: If we talk about New South Wales - now, the New South Wales regulations are actually based on the Queensland bill that's now being replaced, these two kilometre buffer zones.

MICHAEL BRADLEY: Correct.

CAMERON WILSON: What impact has that New South Wales legislation had on the industry there?

MICHAEL BRADLEY: Well, it has had a pretty devastating effect, actually. Our New South Wales gas industry is pretty much becalmed at the moment, due to this regulatory uncertainty. I think you will find that in the day after Barry O'Farrell announced that two kilometre buffer zone, we had a certain company in northern New South Wales have its share price collapse 60 or 80 per

cent and it shut up shop, and that day New South Wales lost 19 years worth of gas supply.

You have people - major companies in New South Wales looking at their projects, and trying to understand what the political risk is, or the regulatory risk is, associated with developing them, and the two kilometre buffer zone, because it is not based in science or fact - they're regulating political risk, not scientific risk - it's having a very significant impact upon investor confidence in the state, and what that means is that that is going to flow through to gas consumers all along the eastern seaboard.

There is a reason why people are looking to develop natural gas at the moment. It's because demand for natural gas is booming. Natural gas is an affordable, clean energy supply. What is going to happen if gas prices continue to increase is that the manufacturing base in Victoria and New South Wales is going to continue to have its problems exacerbated, and if there is no opportunity for the gas industry to meet that increasing demand through increasing supply, gas consumers are going to pay the price.

CAMERON WILSON: Yes. Well, I guess the industry could supply domestically rather than focus on exports in the future.

MICHAEL BRADLEY: Well, we live in an economy where you're allowed to supply - meet the market as you see it. I don't think there's any future in regulating where a supplier can sell, and at what price. I mean, we don't do it for the

beef industry. You don't do it for the wheat industry. You don't do it for the wool industry or the coal industry or the iron ore industry or anyone else.

There is an enormous opportunity for the Australian economy for us to export gas. LNG is currently investing \$200 billion in new projects in Australia. It accounts for a third of all private sector investment in this country. It is the success story of the economy at the moment. Surely we understand that there's

enormous benefit flowing through the entire economy of us exporting gas. What should be allowed to happen is us to also respond to the increasing price domestically to produce new supply.

CAMERON WILSON:

Okay, Michael. Look, we've got to leave it there. Thank you for joining us today. Michael Bradley, director of external affairs. Drew Hutton I'm sure has some responses to those things, but we will have to follow this story again down the track. Drew Hutton, of course, president of the Lock the Gate Alliance.