

TRANSCRIPT

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Inquiry into unconventional gas in Victoria

Torquay — 12 August 2015

Members

Mr David Davis — Chair

Ms Samantha Dunn

Ms Harriet Shing — Deputy Chair

Mr Shaun Leane

Ms Melina Bath

Mr Adem Somyurek

Mr Richard Dalla-Riva

Mr Daniel Young

Participating Members

Mr Jeff Bourman

Mr James Purcell

Ms Colleen Hartland

Mr Simon Ramsay

Staff

Secretary: Mr Keir Delaney

Research assistants: Ms Annemarie Burt and Ms Kim Martinow

Witnesses

Mr Russell Coad (affirmed), Chair, G21 Agribusiness Forum; and

Mr Tom Dennis (affirmed) Owner/Operator Tarndwarncoort and Secretary, Otway Harvest Trail, and

Ms Kit-e Kline (affirmed), Owner/Operator, Organic Discovery Tours, Vice-President, Otway Harvest Trail.

The CHAIR — Can I perhaps ask Russell or all of you to make a short submission, and then we will follow with some questions.

Mr COAD — Thanks for that. Obviously I will be speaking about the G21 Agribusiness Forum. I have circulated some papers. I am not sure if everyone got those, or whether I had enough copies.

Ms SHING — We have, thank you.

The CHAIR — We are wanting to go on this trail, I have to say.

Mr COAD — G21 Agribusiness Forum is a part of the Victorian Agribusiness Council, and you have probably heard from some of our members already, namely Mr Arbuthnot, who is well known to many people throughout Victoria. The purpose of our note today and of our coming to the inquiry is just to highlight the importance of agribusiness to the region. You will see from the paper that there is quite a large organisation through this area. We represent a number of people in the agribusiness economy in the G21 region. Whilst we do not have a lot of knowledge on the processes involved in unconventional gas exploration, we are concerned about the impact it may have on our food and agribusinesses in the region. I have not a lot to say on it apart from the paper that I have provided.

The value of agribusiness throughout the region is quite significant in the number of people it employs, particularly in the manufacturing sector in the Geelong region as well. You may note that on the last page, page 3, we have provided a reasonable breakdown to the best of our knowledge of the number of agricultural businesses throughout the G21 region, and they are quite significant. Some of that other information is to do with the rating system and the farm assessments. It is probably important that you get agricultural businesses off that first part.

The CHAIR — Thank you, and thank you for the statistical information as well. My question is a very simple one, and that is: do you believe that if there were significant safeguards over some gas operations through this region that it would necessarily impact on the various agribusinesses and indeed the farm trails?

Mr COAD — Certainly from my point of view I believe it would. Not knowing a lot about it, I have listened to some anecdotal evidence from an engineer who recently retired, is living in Geelong and has done a lot of work in that space. He indicated to me that there could be some serious implications if the work is not done properly or if there are no safeguards in place, particularly in terms of some of the extraction processes and the chemicals that are put below the surface. I guess of concern to farmers is the impact on the aquifers below the surface or underground, in particular the water aquifers and the leakage that may occur.

There certainly would be some major concerns about the security and safety aspects in terms of the pollution going into those aquifers. I just note what has happened in Queensland where it is quite a different process, I believe, in terms of the extraction of some of the gases where they actually light the coal seams below surface. Some of the consequences happening as a result of that seem to be quite serious. Whilst I am still in the learning stage, I am highly concerned about the impact it may have on our farming businesses, particularly throughout the region.

The CHAIR — Would either of you like to comment?

Mr DENNIS — Yes. We are kind of a little separate I guess.

The CHAIR — Make your submissions separately, then.

Mr DENNIS — If there is a chance to make a presentation, I should do that now.

The CHAIR — Yes, please.

Mr DENNIS — I just wanted to thank you, Chair, and the committee for this opportunity. I would also like to welcome you to our part of the world. I am sure there are a few who have travelled here and it is their first time to the Great Ocean Road region. I invite you to head up to Moriac, down the Cape Otway Road through to Birregurra, south of Colac and across to Timboon. If you look at this map in front of you, you will see that there are some beautiful, spectacular landscapes and emerging food tourism destinations as well. My name is Tom Dennis. I am a wool grower and tourism operator at Birregurra, and Kit-e Klein is with me today. She runs

Organic Discovery Tours based out of Torquay here. We are representing Otway Harvest Trail today. Otway Harvest Trail is a not-for-profit group of 37 businesses around the Surf Coast, Colac Otway and Corangamite shires. We involve wineries, berry farms, restaurants, farm stays, providores, farm gates and tour operators.

Our concern and the message we would like to pass on on behalf of our members is in relation to three areas that we find concerning with unconventional gas exploration in this region. They are to do with the risk to land productivity, the failure to coexist with the tourism industry and the impact on the domestic and export market demands of the food and fibre industry.

This region really does rely, as Russell said, on agriculture but also tourism, and gas mining risks the success of both of these industries by way of industrialisation of the landscape, contamination and impediment to delivering brand promises. So when we talk about risk to land productivity, we need to guarantee that there is zero pollution and no loss of access to groundwater, to aquifers and also to town water. There are farms and operations that top up from both aquifer and town water in times of low rainfall, and if there were greater competition for these water resources, we would want to make sure that that was not going to impede any of the existing industries.

The experience in other regions with gas mining shows that there is water contamination. I do not, unfortunately, have too much knowledge on that, but it sounds like a lot of other people have testified to that. At the minute, farmers are kind of enjoying average rainfall, but it looks like there is lower rainfall on the horizon. I am sure that there would be a lot more farmers more interested in this particular situation when there is greater competition for water resources. We do not really know quite what is involved with gas mining at this stage, but I think that is something that more people would be conscious of in a time of low rainfall.

The aspect of the tourism industry I want to talk about, and where we sit, is the overlap between agriculture and straight tourism. We classify ourselves as being in the agritourism business, and I just wanted to touch on what that means. I believe agritourism is an essential aspect of Australia's industrial food and fibre industries in that it is kind of the education process associated with marketing Australian food and fibre. It can only really thrive where there is access to a good tourist economy — close to a market — and where there is good-quality produce on offer.

In Australia there are not too many places that are better than where we sit right here. Currently the Great Ocean Road region receives 5 million visitors a year, which makes it one of the best regional destinations in Australia. The promise that tourists get when they come to this part of the world is for a nature experience, with clean and green feelings, and also the developing inland experience is heavily connected to food and produce. There are strategies in most shires to develop tourism along the lines of food and produce-based tourism. The concern is to do with the visual effects to landscape, heavy vehicle traffic, pollution, noise and destruction of the environment. I may have exceeded my time, but in a second maybe I could offer some insight into a tourism investment which is particularly interesting. We are concerned that there is a threat to further investment in regional development and also to jobs.

The last point I would like to just quickly touch on is the question of how gas mining will affect agricultural production and market requirements. In our space, where we have small-scale, niche businesses, they are directly marketing and selling to consumers. This is a growing trend that we see where the integrity of the product really has to stand up. This food movement towards more direct sales is certainly growing, not just here but around Australia and around the world. South-west Victoria has the ingredients to be a future key provider of high-quality and a large variety of foods with high product integrity, similar to regions such as Margaret River, Yarra Valley and King Island.

The concern we have is something like what is playing out right now in the Hunter Valley, where we know that they can produce fantastic food, but their reputation has been damaged. When you think of Hunter Valley food you also think of coal, and you do not think of a fresh, healthy product. So one of the main concerns for us is that reputational damage, and it is that loss of a chance to market as a clean and green destination with fantastic food and fibre. From our point of view, we cannot see the logic in putting two of the most important industries at risk for the sake of an unknown one. Thank you very much.

Ms SHING — Kit-e, just before we go on, did you want to say anything?

Ms KLINE — Did you want me to continue with Brae?

Ms SHING — Just a quick presentation before we go on to questions.

Ms KLINE — Yes. I just wanted to include this information that was given to us from Brae restaurant. I guess their concern is very similar to mine around Organic Discovery Tours, which leads to all the producers on the Otway Harvest Trail and takes people directly to the farm so people can talk about organic and biodynamic farming, so having this environment it is very important to being clean and green.

Brae was established in 2013 as an environmentally sustainable, organic property, growing produce on site for use in their restaurant. The location was chosen for its natural beauty, clean and green image and access to quality primary production. In the past 12 months Brae has been awarded the following accolades, based strongly on our positioning in the market as a sustainable, natural restaurant business with a clean, green image. Like I said, they have won various awards over the last 12 months: Time Out Melbourne food awards restaurant of the year; the *Age Good Food Guide* 2015 restaurant of the year; no. 87 in the world's best restaurants; fourth in Australia in Fairfax Australia's top restaurants, 2015; and the list goes on.

In the 12 months to July 2015, 9300 people visited Brae, most of whom stayed in the region overnight. Reservations are currently up from the previous year by 20 per cent, with 11 160 visitors expected this year. Brae is expected to contribute more than \$3 million to the economy this financial year. We do not see how this will continue to be sustainable if the environment we are living in is degraded to the point where we are no longer able to fulfil our promise to visitors of a clean, green environment free from noise pollution and the visual eyesores of heavy industry, and I guess the same goes for my tours as well, because it is Organic Discovery Tours. It will destroy the reputation of our region, which is well known for producing really good organic and biodynamic produce.

Ms SHING — Thank you very much. Just following on from that and from the presentations that the three of you have made, one of the things that seems to be very clearly a theme in what you have talked about is reputational risk. That is something we have heard significant evidence on from witnesses in other hearings in Melbourne and also in Gippsland insofar as primary production and agribusiness is concerned. With that in mind, is there — and I would welcome any observations from you — in your estimation any way to safeguard reputational risk whilst having an onshore gas exploration industry that you can see as enabling your businesses and your priorities to coexist?

Mr DENNIS — I am going to say it is not a discussion that I have had with many of our members. I guess the one fact that people are concerned about is definitely outlining the inputs to aquifers and understanding catchments so that if there were to be any kind of onshore gas mining, it be outside of, I guess, regions or areas where they are trying to maintain a certain reputation. But it is hard to imagine how, from a consumer's point of view, you could separate the two.

Ms KLINE — I guess going on from that, it is not just about reputation. I have done a lot of reading and research in relation to this and, I guess, the contamination of water, soil and air quality. I do not see how we can coexist. They are two very different things.

Mr COAD — Obviously we have not had that at-length discussion either, because we sort of range into a lot of other areas as well. I guess the thing about our region, the G21, is that it is pretty assured as a very productive food bowl area, because of its climate and its proximity to the southern part of Australia. So we see it as being very vital for our region — the actual food that we can produce in regular and increasing amounts as well. We would not like to see it being compromised by issues that may have an impact on our futures or our ability to be able to produce clean and green food into the future as well, particularly with some of the opportunities into south-east Asia, China and India alike as well.

Ms SHING — Thank you. That is very helpful.

Ms BATH — With respect to agribusiness and your region here, you have identified that you have both small niche markets and larger, potentially, overseas markets that range from dairy of goat variety to dairy cows to a whole raft of things. Not all farmers or landholdings will have the same view entirely. If this were to go ahead — and that is a big if — the question of farmers' right to veto I think is one that I would like for you to comment on. If one farmer said, 'Yes, I am happy to have it on my land', and 7 kilometres down the road the other guy said no, or in that vicinity, how do you think that could play out? Do you agree with right to veto? How do you see that playing out in this region?

Mr DENNIS — It is a great question. I think you can probably imagine how that would play out, when one landholder is almost pitted against another one, when the repercussions are seemingly so large. I guess we are lucky in the Birregurra area where there just seems to be an overall consensus that nobody would actually open their gate. I could not imagine a kind of positive, collaborative mood where farmers would be willing to work with each other when there was such a discrepancy of point of view, I suppose. I am not quite sure how to answer that one.

Mr COAD — It is certainly an interesting question. Whether it is a gas field or whether it might be a wind farm, we are seeing that in our area now, the divisions within the region. Where it is a wind farm, if you have got the wind farm, well and good, but if you are next door to it, you do not get any benefit at all. I cannot see this being much different to that in a lot of circumstances. Obviously it might only involve one or two landholders, but where the wind farm embraces a fairly large area. I can speak from experience myself because we actually host the Portland transmission line through our property. I recall when it was being built a number of years ago there was a fair amount of opposition to that project happening, particularly in our region. It is very clever how they do it, but they always do it, don't they? They put three or four suggested routes through. When there were three routes going, there was a whole band of people totally opposed to the whole thing, and once they decided which particular route it was going to take, all those other people dropped off because they were not affected. It is the same issue, really. That is ongoing; we have still got the transmission line there. We got a compensation figure, which was not all that great.

The CHAIR — Shaun is in favour of transmission lines, given his previous employment.

Mr LEANE — I do not know if being an electrician actually affords that. I am interested, because of the importance of the nature of the people you all represent on that side of the table, and, Russell, you touched on it — as far as the coal seam gas exploration, you do not know a lot about it. Getting back to the importance of the people you represent, the proponents of the explorations — i.e. the oil companies or the gas companies — have they engaged you at all?

Mr COAD — No, not to my knowledge obviously. We have got some agribusinesses in our region that would be fairly large users of power or some forms of energy, so that is why we do not have a fixed view on it or a firm view on it. We have got to try and represent it as best we see it to our members, and we understand the need for energy, the need for it and the logic behind it, but certainly, yes, we do not have a firm view in that area.

Mr LEANE — Yes. I just find it interesting they have not tried to engage you, that is all, if that is the case.

Mr COAD — Yes. As you are probably aware, there are a lot of big agribusinesses in the region — Geelong woodchipping, and in the Golden Plains shire we have Happy Hens, 4 million eggs a week, and a number of large free-range piggeries that are relying on some form of water for their operations, and also the chicken industry as well. Turi Foods in Geelong process 100 000 birds a day or something like that, some massive amount of birds. They are all coming out of our region, so it is quite significant.

Mr DALLA-RIVA — It is a question I asked the Committee for Gippsland, and you may not be able to answer this, Russell. You have got G21, which is designed to encourage economic development, growth, jobs, a whole range of activities. I am just trying to work out — and you may not be able to answer this — was there not anyone within the G21 environment that said that this would be actually good for the economic development of the region, or are we just getting the one side from the agribusiness? I would understand fully why there would be opposition to it, but I am trying to get exactly the feel for G21 generally about supporting coal seam gas.

Mr COAD — It is probably out of my scope, but I guess like everyone I can add an opinion about it. Certainly we all understand the importance of economic development and the benefits it all brings to the economy, and all forms of energy are part of that, so it is a pretty complex area. But I think we understand that we have got to have energy, and wherever it comes from, I suppose that is the issue for you guys to work out. I think — and I might have raised it before — the issue of compromising our food security is a major concern, and I think there are other ways and means around it where we can expand our businesses without putting our food security, our producing areas at risk.

Ms KLINE — I am a participant in the Leaders for Geelong program, and I am very aware of economic development and the future of the region as well. I think the three main industries that are looking to be really positive in this region are agritourism, renewable energy and the health and wellness industry. I can represent myself with my tours and also the Otway Harvest Trail. In saying that, it is health and wellness through looking at nutrition, connection to land, reconnecting people to nature and also allowing people to come down to the region and experience the outdoors. I think there is economic development in these three areas that could provide positive outcomes for the region.

Ms DUNN — Thank you, everyone, for your submission today. It is clear from the submitters that the absolute key drivers are agriculture and tourism, and the interplay as well between those. What I am wondering is whether you have had the opportunity or are aware of any other areas that may have a similar blend of industries or quite significant tourism industries that have seen the introduction of unconventional gas and what impacts that might have had on those local economies. I am just wondering, is there any knowledge of it coming in elsewhere and what happened as a result of that?

Mr DENNIS — I wish I had some answers for you. I was sitting in here before thinking, ‘I wish we had more time to invest in research into this’, and that was exactly one thing that I wished we had more time to do. Unfortunately, we are all kind of really tied down in scratching a living and making our businesses work.

Ms DUNN — Well, you are running a business.

Mr DENNIS — Yes, and to take a couple of days out to madly put together a presentation to say, ‘We don’t know much, but we know this is not right’, is the only step we can make at this stage, but I certainly appreciate what you are saying there — that it would be good to have a handle on how other regions have fared with this.

Ms KLINE — I was just going to say some of the readings and research that I have done in the lead-up to this said that there was some regret with people going ahead with it, and some of the promises that were made were not followed through. Also the depletion of our Indigenous lands, natural resources and natural habitat — they have been affected — but also contamination of water, soil and air quality has been the result of this happening in other regions.

Mr RAMSAY — My question is perhaps in the same vein as Richard’s in relation to evidence we have heard from Gippsland where the committee for East Gippsland said there are opportunities for coexistence between investment in onshore gas exploration and protection of other industries. The G21 is made up of a whole lot of councils, from which we have heard much evidence this morning, which have indicated that they are opposing onshore gas exploration or at least want a moratorium until the science clearly defines what the risks are.

The Victorian Agribusiness Council, in fact, has a different view about potential coexistence, Russell, which is where Alex Arbuthnot gave evidence to us in Gippsland. Even the VFF was divided on whether they would support a five-year moratorium with a right of veto for farmers. There must be some in the community who do see opportunities for coexistence. I am just wondering, from your organisation, the agribusiness part of it, do you see any opportunity for coexistence at this stage or potentially down the track?

Mr COAD — I think there would be an opportunity. We would like to be able to maybe go back to our members and canvass them and get some opinions on what is involved, but certainly I think there may be an opportunity. We could canvass some of our bigger agribusiness players and see what their thoughts and views are. I just happened to catch Andrew Robb today briefly at the press club luncheon. He talked about farming and mining and some of these businesses that have coexisted for a long time. Obviously this is a little bit different, because it is unconventional or non-conventional, so I suppose there are some risks involved in that that we do not really know about. But certainly I think there would be members in our organisation who may support the opportunity that could arise.

Mr RAMSAY — Can I just clarify, I am not advocating it being next to the Brae Restaurant or at the back of it. Obviously there are areas where clearly it would not be accepted, but I am just interested in your point of view.

Mr COAD — The agribusiness forum, whilst it is part of G21, it is its own organisation in itself; it has its own incorporated body. We get some funding from local government as well as other organisations, so we do have our own independence.

The CHAIR — I thank the three of you for your evidence. It has been very enlightening. I want to put on record that I want to do the Otway Harvest Trail — it looks magnificent. Thank you, seriously, for the evidence you have provided. The secretariat may be in contact shortly.

Witnesses withdrew.