

**STANDING COMMITTEE ON
ENVIRONMENT AND PUBLIC AFFAIRS**

**INQUIRY INTO THE IMPLICATIONS FOR WESTERN AUSTRALIA OF
HYDRAULIC FRACTURING FOR UNCONVENTIONAL GAS**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
FRIDAY, 12 SEPTEMBER 2014**

Members

**Hon Simon O'Brien (Chairman)
Hon Stephen Dawson (Deputy Chairman)
Hon Brian Ellis
Hon Paul Brown
Hon Samantha Rowe**

Hearing commenced at 10.02 am**Mr JOHN COTTER****Chairman, GasFields Commission Queensland, examined:****Mr JEFFREY HAWORTH****Executive Director, Petroleum, Department of Mines and Petroleum, examined:**

The CHAIRMAN: On behalf of the committee, I would like to welcome our witnesses to our hearing today. Gentlemen, you will have signed a document entitled "Information for Witnesses". Have you both read and understood that document?

The Witnesses: Yes, we have.

The CHAIRMAN: These proceedings are being recorded by Hansard. A transcript of your evidence will be provided to you. To assist the committee and Hansard, would you please quote the full title of any document that you may refer to during the course of the hearing for the record. I remind you that the transcript will become a matter for the public record and if for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt and may mean that the material published or disclosed is not subject to parliamentary privilege.

Mr Cotter, on behalf of the committee, we would like to thank you for making your time and experience available to us. Would you like to make an opening statement to the committee to introduce yourself and your role, please?

Mr Cotter: Thank you very much, Mr Chairman. Firstly, as a Queenslander, I do not come here to impose or suggest that we do everything perfectly in Queensland and I am not here to suggest that you should do what we have done; I would never perceive to be in that position. We have been through some extremely challenging times in the development of a coal seam gas industry particularly and generally in the onshore gas industry, and any opportunity I can get to share those experiences with other jurisdictions, I am always willing and keen to do so. I think in public office, we have the opportunity to make a contribution to not only our own state, but to the nation as a whole, and if we can do that by sharing our experiences, I think that is a benefit to all.

I am a primary producer from a long time ago, as a career. However, I have also spent significant time in community public life and during that time I have been president of our leading agricultural group, AgForce, in Queensland and carried out a range of other activities in public life. The coal seam gas industry, when developing in Queensland, I think was from an unknown base. The two things that probably jump out clearly are that it was a massive development in regional Queensland that we were not aware of the size and enormity of, and I quite frequently say it is the largest industrial development ever carried out in regional Queensland in such a short time. In some four years, we have gone from an exploration stage to, by the end of this year, it is anticipated that a boatload of gas will leave Gladstone as LNG, and I think that in itself, from three major proponents over such an area, has been a huge challenge for government and for the community not only where it is affected, but generally the community of Queensland. I was asked yesterday what would we have done differently and one of the reasons I like to come here and hear where people are now

expanding along the same lines is to see how we are perceived from a distance. People think we have got it right. I think we have still got a long way to go. Certainly, there is the size of the development and the massive input into those communities where we had declining communities for the last 50 years since the wool boom and all of a sudden they are endowed with 20 000 people in a camp five miles up the road from Miles, for instance. We have got five and 10 flights a day into small communities with fly in, fly out workers. Someone will write a book on this whole development, I am sure. It has been extremely challenging.

To nominate some of the challenges, I think in 2010 we did not have a land access code, and agriculture and the resources industry sat down and developed a land access code. That has been refined, and is still being refined. There was an ethos that the resources industry had a right to legally enter a property and begin development of that right, which they did have. However, there was a right and a moral right, and I think the way in which that was dealt with in the early stages was hugely imposing on landowners and communities. So there is just an example of the way we started to where we are now, where we have much more relationship building between all parts of the community, both in the towns—I think sometimes the communities of the towns are left behind in this; they think it is a landowner–resources industry issue but it is also very much a community issue, because the communities' wellbeing is totally dependent on those people and industries around those communities. The turning point, I think, in Queensland was when we brought all those parties together. We brought in local government particularly, leaders in agriculture, leaders in the resources industry and leaders in the state government at a very senior level. It was probably the turning point where people started to talk to each other, understand each other and progress forward.

[10.10 am]

The CHAIRMAN: And that is the community leaders council that you are referring to?

Mr Cotter: It is now, but before the commission was formed, I facilitated an informal group of people of that level, yes.

The CHAIRMAN: Thanks very much for those opening remarks. How would you compare the coal seam gas industry in Queensland with the prospective shale gas industry in parts of Western Australia? There are obviously some similarities in issues, but obviously some differences as well. Could you outline your views on that?

Mr Cotter: From my understanding of the development of shale gas and tight gas, we have the same happening in the Cooper basin and in the north west province in Queensland, which we are very active in starting now. We have got just a small number of wells happening and exploration wells there. So we have companies and local governments already meeting and talking now. I think the challenge you have got with shale gas is the fracking issue. There is not a doubt that people have very little understanding of that. It is being driven out of America in lots of places by information that should and can be challenged. Whether it is relevant to here, I think it is absolutely imperative that there is factual information about that process. I think one of your challenges of that unknown is that it is probably harder to explain than the coal seam gas industry. The other thing—I became more aware of this yesterday—is that in our case it is in very remote, large properties. The landowners are fairly sparse and they have a fairly good understanding, because we have had a long history of natural gas in some of our areas. Looking at some of your tenements close to the coast and in more peri-urban or rural residential areas, I think that makes it somewhat harder to explain. I think that the process going forward should not really matter what it is; it still needs to be explained, it still needs to be understood by people and it still needs to have leadership showing confidence in this industry, and that is a challenge for industry particularly, which I mentioned yesterday. Industry need to explain how they produce their energy. In those areas, they need to do it at both a local level and a state level. There needs to be that wealth of information out there so that when a debate is going on, it is a debate about the facts, not about unknowns. That is a challenge for

industry particularly, which I mentioned yesterday. Industry need to explain how they produce their energy. In those areas, they need to do it both at a local level and at a state level. There needs to be that wealth of information out there so that when a debate is going on, it is a debate about the facts, not about unknowns.

The CHAIRMAN: We have also observed in our many hearings the conflict between proponents and opponents. We appreciate your observations on that. You have a campaign which we might call an anti-fossil fuel motivated campaign, a pro-industry campaign which, certainly from what we have observed, has not been as prominent or as successful. What is government's role in between?

Mr Cotter: Certainly government's role, and it is one role that I hold dear to the commission's role, is independent factual advice. When there is a discussion around, be it everywhere from the cabinet table to the community P&C meeting, the discussion needs to be based on what the facts are. It is so easy to perpetuate misinformation. With social media and a whole range of things today, that is easy, but someone must, as you would in this committee, make sure that the factual information is there and that it is challenged and put on the table. If that is not done, the perpetrators get to carry that forward. I think it is beholden on industry to be far more transparent and open about how they put that information out there. Certainly it has been a frustration of mine that industry is very shy at justifying themselves and what they do. I would not be here if I did not believe the integrity of the industry was true. However, communicating that is a challenge for industry.

Just on your other comment that there is a movement against fossil fuel, that is being used generally with whatever tools they can find, be it fracking or be it coal seam. Be it water contamination, or whatever it is that is being used, any one of those issues is being used to promote that anti-fossil fuel thing. I think there needs to be a very clear difference between that group and the group who have genuine concerns at a local level as to what the impact on their community will be. That needs to be very, very clearly differentiated. One of the great things about this country is that we have an open and transparent opportunity to object to things governments or industry does. We should never deny that, but they need to do it on a factual basis.

Hon BRIAN ELLIS: You mentioned you came from an unknown base. Did you mean in Queensland or in other parts of the world? The actual industry has been around for quite a long time—the fracking and unconventional gas industry. I am not sure whether you mean Australia or Queensland is an unknown base, because there is a lot of information around the world. Following on from that, you mentioned the misinformation that is coming from America. Which information were you talking about, because we get two sides of information?

Mr Cotter: Certainly from a coal seam gas point of view, in the Surat Basin, which is a strip from Roma to Toowoomba across the Darling Downs, I did not know anything about coal seam gas 10 years ago. The first natural gas was found in south-western Queensland in 1900 and a pipeline was built from Cooper Basin into Brisbane in the 1960s. That sort of gas has never been thought of, but in the urban and more populated areas it was just something that you turned on every morning and it turned up. There was never, and still is not, any understanding of how it is produced. The information I think that has come out of the States has been—obviously the fracking video that is around and the nights viewing—when you can get 250 people in Coffs Harbour to view a video, I think some serious issues are not being dealt with in that area. We have a scientist on our commission purposely to filter this sort of information. We have a wide network into the universities and the scientific community. Our Chief Scientist in Queensland is very much part and parcel of what we do. I made a rule from day one as a commissioner that I would not deal in issues that I was not qualified to deal in, and I am absolutely adamant that nobody else does either. I think that is absolutely critical. I said to the people I was coming over here to talk with, “I will not talk about technical issues which I am not qualified to talk about”, because I think that perpetuates the issue.

Hon PAUL BROWN: Talking about confusion between the various industries, in Western Australia we do not have coal seam gas but the coal seam gas confusion is being promoted over here. The old pre-land access code industry versus rural landowners and agriculture—that is what is being promoted over here. We probably, in this room, understand that that is not the case. What did you have prior to that? When the proponents first came, did you have them promoting and confusing—cherry-picking different issues from different industries to confuse?

[10.20 am]

Mr Cotter: One of our biggest challenges was the reverse. We have less than 15 per cent of the coal seam gas wells fracked. We have the reverse where they use fracking as an argument that we are going to wreck the water supplies and do all the nasty things with the nasty chemicals, and all those things that get perpetuated. They use fracking against the coal seam gas. I think one of the things that helped us to demystify some of it was to start displaying the aquifers in which we were extracting the resource from, and where the water laid. Obviously we have the Great Artesian Basin, which is absolutely critical to that part of Australia. It put it in some context of where we were extracting somewhat considerably, much shallower than the deep gas we have. Most of the coal seam gas is 700 to 1 000 metres. The Cooper is about four kilometres deep. We started to explain that and take people on the journey through that story.

Some of the most effective things we have done is have field days where we do drilling; take people out and show them the core samples. The companies lay all the core samples out. They are very practical, down-to-earth things but they are the sorts of things that particularly farmers like to get their hands on. They have done some drilling on the Darling Downs which lays out all of the samples of the cores. One of the companies takes a model of that around to shows and things. It explains to people that there is 700 metres of solid sandstone rock between where they are extracting the gas for instance in places and the coal seam, and the water.

The CHAIRMAN: What length of core do they actually take out? Is it just a sample or do they give them 7 000 feet worth?

Mr Cotter: No, they do not —

The CHAIRMAN: That would be quite an illustration, would it not, if you could do that?

Mr Cotter: They do large chunks of that on the ground when they are doing it, in their models they take around, and then they develop some good 3D models and other things like that.

Getting back to your core question, it was the reverse for us. Probably one of the CEOs of one of the companies demystified it very well in a television program one night when he said, “I’ll go down the supermarket and I’ll show you what we use for fracking.” He showed the stuff that he bought off the supermarket shelf for fracking. That took a lot of the angst out of the fracking story.

The CHAIRMAN: Mr Cotter, I want to ask a couple of questions. I will then throw over to Hon Samantha Rowe, who I know has some questions about chemicals, which you just mentioned. I want to go back to government policy. The Western Australian government has a pro-development attitude, I think, or a positive attitude to minerals development across the board. It has been observed by many that our Department of Mines and Petroleum has a very pro-development approach which, as the regulator, can give a perception of conflict of interest. I am wondering if you could acquaint us with the situation in Queensland. Firstly, is there a pro-development attitude by government?

Mr Cotter: I do not think there would be any doubt that the government we have had since 2012 is very much pro-economic. We have four pillars of our economy; one is resource industry, the second is agriculture, the third is manufacturing and the fourth is tourism. They are the key pillars of our economy and are treated equally and not in any particular order. However, can I just make a comment, if I may, that the economy of this nation is hugely driven by resources and agriculture and I do not think Western Australia is any different to Queensland in that space. We have had

centuries of development of both, from the goldmining industry here in Kalgoorlie to the one in Gympie that were the heart-throb of our economies. Agriculture, since the day they brought sheep to this country in Port Phillip Bay, has been part of this economy. They have worked very successfully over the years: you have had iron ore; we have had coal in Queensland. We would not have these wonderful cities and these great places to live in that Australia has without those two industries. The driver for me to do what I do has always been that we have to work together. What I mean is that I come from Gympie, so it has been an involvement in the resource and agriculture industry that has driven this country, and I would just like to make that statement first. How we do it then becomes the issue of the day. We have had new industry. You have had the iron ore industry and we have had the coal seam gas industry. Central Queensland in the 70s was similar in the development of the coal industry when the Japanese first came in and developed the coal industry there. You have had the same sort of thing here in Western Australia. So I do not think this is anything new, but I think what we are dealing with differently is that we have urban communities, in particular, that know that is happening out there, they have the benefits in the city and they are more detached from it than they were 40 years ago, because everybody sort of knew someone who farmed or worked in the resource industry. Today there is a whole service industry in the cities. I think we are not as familiar as a community about how these industries work. I keep saying to the resource industry, "You must explain to people how you produce this energy", just as we did 15 years ago when we took a campaign to the community in Queensland about how food is produced. It was a very successful campaign, which is highlighted now, about getting people to understand that farmers are not environmental vandals, that we are not animal welfare wreckers; we are good producers of food. For the industry I think now is the time to take that on board and explain to people that they do not wreck their underground water and they do not do harm to this. You as a regulator and a government leader, I think, have to overview that.

To your question about the conflict, I think transparency is probably the key to that. I do not think that the resource industry sees that they should explain themselves sometimes. I think it is critical that they are transparent about how they extract and deal with these issues, and I think government needs to be in the same place. You cannot hide in this day and age and I do not think you should. I think if you cannot do it in a clear and transparent way, you need to look for a way that you can do it. That to me, whether it is the department doing both, is up to the department to sort. But if you are transparent and engaged enough with the community, I think that can happen.

The CHAIRMAN: So on the one hand you have obviously got machinery in place in Queensland, as indeed we do here, to get on with the exploitation of minerals and petroleum for the benefit of the wider economy. We have also got others that may be pursuing a different agenda that do not see eye to eye with that view, and that is something you have in a free and open society such as ours. You have your Queensland GasFields Commission, which as you have explained, seems to be, in part at least, the machinery to help reconcile different views so that the community can be better informed and make up their views about what they do and do not support. Is that a fair observation?

Mr Cotter: One of the two critical parts of the commission is its total independence. It was formed as an initiative of government; however, it is not owned by government. We report to Parliament, which is fairly unique in statutory bodies, we have our own legislation and we have significant powers such as the ability to review the performance and effectiveness of government legislation. We cannot be directed by a government department. We do not report to a minister. I think that in itself has sent a very clear message that the government are serious about impartiality. I think the other part is that the government in their natural resources area have been willing to give some independence to part of government. We have a water group called the office of independent assessment. It is basically an arm of government, but the head of that is very independent. They are given a push away from the department to say, "You are the independent office", and that in itself allows them to speak as a voice and they command their own research. I chair their finance committee. It has allowed them to be at arm's length from the department. We have a compliance

unit that is also at arm's length from the department. It does not need a hierarchical structure for it to investigate and look at complaints or issues. So there is this goodwill in government to devolve authority. Obviously, all of those things are overviewed by the commission to see that they are effective, but it has also put it away from what you are talking about, Chair, as the conflict between departments. The regulator is out there putting the rules in place, but the auditor is somewhat at arm's length from government.

[10.30 am]

The CHAIRMAN: I am identifying, as I think my colleagues are, some very strong similarities between our jurisdiction and the state of Queensland. As we look at the issue that this committee is exploring, we have observed that there is a small group promoting an unconventional gas industry. We have a fairly small group stridently opposing it and seeking to position themselves to make sure that view prevails, and we have got the vast body of public opinion in between. Let us face it, we are all elected members and so we hear people say, "Well, we hear all these sorts of things; we're not really sure about what it all means." I think that is exactly like the community in Queensland has been. Has your independent body then been able to measure or gauge in some way its success in providing that independent advice so that the large group in the middle, everyday Queenslanders, now has a better understanding of what the pros and cons are?

Mr Cotter: I think if you say, "Can I give you some statistical figures", no. I think the fact is that we are seeing a better relationship between, firstly, the proponents, the communities and the directly affected people. There is not a doubt that, for instance, the agreements between companies now are much more fruitful, much better designed, and it is a business-to-business relationship. I think the amount of anti press you see in Queensland has diminished and I hope today does not increase that! It is very much driven by the demand for people to substantiate their objection with fact and I think that is probably the key measure of our involvement. The relationship between government, community, local government and industry is very close and very open.

The significant issues that have been dealt with, I think, are also a measure of the success. They have not been swept under the carpet. People have somewhere to go to arbitrate on whether these are substantial issues, and in some cases I believe we have changed the culture of some of the industries and how they do business. In those terms there is not a doubt that the progression of the industry, and the acceptance of the industry, is moving in the right direction. As I said from the outset, we have a long way to go because there is absolutely no room for complacency in any industry in this day and age. I refer you to the live export debacle that happened some time ago, that you would be as well acquainted with in this state as we were. That just highlights that there is no room for complacency in any industry these days. In that case, it is something that we work endlessly and tirelessly to see that the companies do not leave anything to chance.

Hon BRIAN ELLIS: Would one of the criteria of judging the success of your land access code and your operations be in the dispute resolution process? You have a Land Court. Is there a drop-off in the number of disputes going to the Land Court?

Mr Cotter: At this point in time there has not been a dispute go to the Land Court in Queensland. That has been very much a focus of mine—that these arrangements have to be dealt with with some goodwill, and I do not believe proceeding to the Land Court extends that goodwill. There are some issues that are more of a mechanical process that have been dealt with by the courts, but in general these 4 000-odd agreements that have been reached in Queensland have been done outside the court process. There has been a large quantity of mediation and interference from other bodies. We have used a group of people—ex-judges and valuers general and people like that—to mediate in lots of cases, and that has been successful too. It has brought a level of independence to the discussion, but in general I think the fact that there has not been a series of Land Court decisions has been a good outcome.

Hon BRIAN ELLIS: The other thing you have mentioned a few times, and it has probably been brought to our attention before, is the selling itself and putting the facts out about its own operations. Has that improved in your state? I would say that that has been part of the problem in this state, and it has probably been left to our friends in our department, who seem to promote the industry more than the industry itself does. Perhaps you would like to comment on that, but has the industry's understanding of what the community wants to know improved in Queensland?

Mr Cotter: Remarkably, and I guess that was one of my first targets of bringing the people together. It has been done in a variety of ways. It has been done on a forum basis, where we have had the leaders of industry talking to the leaders of government at that level, but it has also been much more successfully done at a local level with what I call shed meetings, where you have the key people in industry talking to the local people about what is relevant to them. So you bring that level of relevance down to their issues. Unfortunately—and it has been allowed to grow—the lack of trust in industry and government has made it very hard, because what you have just said about the government being here to promote—I do not think there is any doubt about Queensland and Western Australia having that same issue—makes it very hard then for them to be viewed as being objective. One of the roles of the commission is to develop papers that are scientifically based or peer reviewed, and distribute that information as an independent body. We are doing quite a lot of that now. I set a standard that if the commission produces this information, then it has all the scientific backing or whatever it needs to say that it is kosher. That has probably been another success—the way in which you put this information out there. As you would be well aware, there is a degree of scepticism about government and industry promoting themselves.

Hon SAMANTHA ROWE: Mr Cotter, could I just go back to your comments in relation to transparency and the importance of industry and government being transparent. It is certainly a big issue for us over here. Are there any requirements on companies to fully disclose what chemicals they use in Queensland?

Mr Cotter: Yes.

Hon SAMANTHA ROWE: So they have full disclosure?

Mr Cotter: Yes; they are freely able to say what they use.

Hon SAMANTHA ROWE: Is it a legal requirement that people follow up on?

Mr Cotter: Yes.

Hon SAMANTHA ROWE: So it is available on their websites, is it, or how is it made available?

Mr Cotter: I am not sure that they put it out there, but on request they supply to us, I can assure you.

Hon SAMANTHA ROWE: So is it information the public can easily access?

Mr Cotter: My understanding is that it is, yes; and it should be.

Hon SAMANTHA ROWE: I think it would certainly help with the public's perception on trusting industry and the companies involved, I think, if there is that transparency in terms of what is used in the process.

Mr Cotter: I think I referred also to an issue where one of the CEOs did this thing about going and shopping for the chemicals they use. That was an opening up of transparency and information that really resonated, that people were not perceived to be hiding anything. One of the other issues with that, if I may, is that in the livestock industry, every animal that leaves a property is required to have a national vendor declaration, which applies right across Australia. On that declaration you sign to say that you are fully aware of any exposure that that animal has had to any chemicals. This is something that I personally am absolutely adamant about, that that is not compromised, because, as

we have just said, in the agricultural industry, and in particular the beef industry, it is absolutely critical to its clean and green image in this country, so the two must be absolutely transparent.

[10.40 am]

The CHAIRMAN: On the one hand you have proponents who will say that they use hydrochloric acid, just like you use in your backyard swimming pool; opponents will say, “Heavens above; they are using hydrochloric acid, which is highly toxic and dangerous.” How do you reconcile that?

Mr Cotter: I think it is the context in which you use it, is it not? As you said, you use it in your backyard swimming pool. Something that we have been able to do is do it in those terms exactly—as I said, this is something you buy off the supermarket shelf and you use in your swimming pool or you use in your day-to-day life. It takes the emotion out of it, and I think puts it in the context of not being fearful. But if you take anything out of context, you can use it for your own purposes, but I think the more common discussion there is about these things, the less emotion there becomes in it.

Hon PAUL BROWN: In your role as chairman, can you give us an indication—has there been any realisation of local developments in your communities on the back of the industry, in the sense of community development, jobs and provision of services through the local community—not that it is all being outsourced from Brisbane or major centres? Is there actually some realisation in the local community of money being attracted and staying there?

Mr Cotter: Most definitely. If I can just talk about the Surat Basin as an example, Toowoomba, which is the hub of the distribution centre for that area, its population growth and its jobs growth is probably at an all-time high. For instance, we saw as an example Iplex, a major polythene pipe distributor, build a factory in Toowoomba to feed this. That will say it is not just a one-off for doing the gas industry development. That will stay as their factory in times to come. We are seeing a private airport being built at Toowoomba, which I am sure you have heard about. I believe Qantas has negotiated a service out of there to start in a month or two’s time.

Hon PAUL BROWN: Twelve flights or 16 flights a week, or something like that.

Mr Cotter: Something like that. The real target of that airport is, though, for agricultural production—fresh food—to be flown out of there. If you take places like Dalby, that is an extremely strong agricultural town—high value-added cotton and cropping country, some of the highest production in Queensland. That has now got a diverse economy of drilling companies, of welding and industry-type things; so that is diverse. There are also the towns of Chinchilla, Miles and Roma. There were 300 000 movements through Roma airport last year. That has flowed on into the shops in the town, the building industry, and a whole range of construction and maintenance firms there. The art form for us now is to find the balance as that moves on, because we are moving out of the construction phase of the major infrastructure for the compressors and the development of that into a drilling and development stage. That is going to find the middle ground. But one of the things that the government has been particularly strong at is encouraging other businesses. We want these communities now to be seen as a good place to live, which is the first criteria for people going to work there, and look at other businesses that can ride on the back of this—not attached to it, but because it is a good place to be. I think there is an element of economies of scale—when a town gets so big, it then becomes self-serving. We are starting to see that with Dalby, Chinchilla, Miles and Roma—that those towns will become towns of 10 000 people-plus, and a good solid workforce. They are just incredibly different to what they were, as I said. They have been in decline for 50 years, and you are now seeing them with a swimming pool, health services and education services—all those things that make them a diverse town that is a good place to do business.

Hon PAUL BROWN: Are you seeing the industry moving from having satellite encampments into actually investing into home ownership and developing towns?

Mr Cotter: Yes.

Hon PAUL BROWN: So they are actually becoming part of the local community as opposed to being separate from the local community?

Mr Cotter: One of the proponents has made it a criteria that all their senior people will live in town ongoing. The other thing that is good is that there is a much higher level of income for these communities, where in the past the highest paid person in town might have been the council CEO, but we have a whole community at that level now. So it has brought a different affluence, and that flows on to the hairdressers and to the types of businesses that are in town, because they have more affluence. The rate of building in those towns is quite significant.

Hon PAUL BROWN: So, really, while in Australia the landowner may not receive a royalty as such, as they do in America, from sucking it out of the ground and benefit in that way, the landowners and the local community are benefiting from the industry being in the area and reinvesting in the local community through that sort of development?

Mr Cotter: Very much so. There are a couple of people that are my benchmarks. One is our rural bank managers. I have a lot of interaction with them, as to see where this money is flowing. You see new vehicles; you see renovations to farmhouses; and you see young people—which is probably my greatest enthusiasm—who now have a job doing this, but they can work the farm or take a succession plan to owning the farm because they have got a cash flow income. That cash flow is circulating around the area in a range of different areas. Farmers upgrade their machinery. All that flows through. The businesses that have been in those communities for years are now having the opportunity for that cash flow to flow through. Anyone in agriculture is well aware that it is asset rich and cash poor. I think a lot of that goes back also to the work we have done on the developing of the compensation agreements to a much more significant level. They were pretty ordinary when they started, and they have certainly improved an enormous amount.

Hon PAUL BROWN: Chair, are we able to ask Mr Cotter if he can provide us with something that would reflect that? Have you got anything, either paperwork or statistical-wise, that the commission or someone may have that can reflect that sort of thing?

Mr Cotter: Certainly, there is one of our commissioners who is in charge of the community and business side of things, and I could get some statistics on the growth of businesses. Is that what you are talking about?

Hon PAUL BROWN: Yes.

Mr Cotter: The content of the compensation agreements is all confidential.

Hon PAUL BROWN: No. I am not worried about the compensation, but anything that the bank managers can show, or anything else that you can provide to us, would help us immeasurably.

Mr Cotter: Yes, certainly the modelling for those four communities particularly. We have the Toowoomba and Surat Basin enterprise group, which overviews the business development and assists in business development in those areas, and I am sure they would have some statistical data and some modelling that we could share with you.

The CHAIRMAN: And also if you could provide contact details so that, if necessary, our staff could be in direct contact with those sources. So thank you for that.

I want to have a look at the land access code that you have got in Queensland. It is probably common experience that whether it is leasehold land or freehold land, landholders generally do not like people coming onto their property to conduct exploration or pull sandalwood or anything else. That is the starting point. I imagine that is the same with landowners everywhere. What has been your experience of working through those issues? You mentioned that there was some strife between some companies and landowners in the early days. What has been the nature of the problems, and what remedies have been put in place?

[10.50 am]

Mr Cotter: Can I just take a minute to go back to the early days of exploration, when a letter would turn up in the mail from a company that said, “I’ll be doing some exploring on your place and I’ll arrive at X”, and that is it, to going to the next phase of when it got past just seismic activity and drilling for exploration and there was this attitude that “We have a right, and we will go and do what we like.” I had people in the early days ringing me up in tears on a Sunday morning, “I’ve just got a drilling rig that’s been driven over the grid; what can I do?” I think that, as an industry, thank God we have come a long way. But I think that is unconscionable, be it government or local government or whoever it is. I do not think that is the way you treat people. But, unfortunately, that was the legacy we began with. We now have a reasonably thought out program where companies start a process of building a relationship, learning about the business on the property that they are going to work with, encouraging the property owner to understand what business the industry wants to do on their property, to going forward to how they deal with that as a business-to-business relationship. That has taken a considerable amount of time. As I said, we had no land access code in the early days, and it took a while to get each other to understand it. I think a couple of key things were—that was without doubt what started a lot of the anxiety and angst; and rightly so. I think you got it in one, Chair, when you said this is not only just our business; it is our home. I have been on the same property all my life. I have never moved. I treat that as an absolute treasure, as my place, and I have had drilling rigs all over it as well. But, that aside, you expect to be treated like anyone would in their home. You do not expect to be trampled all over. The culture of the industry has changed dramatically in that area. There is no doubt about that. They have gone about recruiting better people to engage with landowners. They have gone about making it more of a partnership and an understanding. The land access code then laid down some very clear guidelines about how, and what, they could do. It certainly still has strict time lines, because the industry is there to be done. The resource belongs to the people. However, there is a way in which they go about doing that.

The CHAIRMAN: Let us talk about impacts, again from actual experience, because this is a live issue for us. I would observe that if you have a 50 000–square mile station in a remote area, the presence of an exploration rig in a discrete corner of that may be of some nuisance value but probably less impactful, for example, than on a smaller holding that is intensively farmed in a traditional wheatbelt or wheat and sheep location in Western Australia. I might add that my two colleagues on the left both represent the Agricultural Region; I am sure that will not colour your response! Firstly, what are the impacts that the activities of explorers or producing gas companies could have on a farmer’s property?

Mr Cotter: Can I just deal with the human side of it first?

The CHAIRMAN: Yes.

Mr Cotter: The unknown of what rights and wrongs they do not have, or do have, is the first thing that I think needs to be addressed. Before you talk about the economics or the impact, if there is a relationship built between the representative of the company and the landowner, it is the first step in developing up how you are going to do business. If you do not have that, then I think you are seriously challenged. If you cannot build that relationship to start with to say that we are going to do business together before we start talking about economics, figures, impacts or anything, I think you have a serious challenge. When you do that, it then comes down to, as I mentioned before, outlining how you are going to do business. To do that, the first thing the resource industry must do is understand how the business on the farm works, when you plant, where you farm, whether you have contoured country, whether you have livestock, whether you have cows calving—all the mechanics of an agricultural business need to be understood. Then you go, “Well, how are we going to integrate our business into that?” We have some really successful businesses that have gone down; one in particular has a very mixed business of cattle fattening, of intensive cropping, of feedlotting, and of gas industry on it. It is on undulating country, so therein lies a whole range of different challenges. Those two have taken quite a number of years, but those two are the model now of how to do business. Things such as the placement of wells, the traffic flow, where you put the

monitoring water bores and how those bores can be of assistance to the property owner; there is a whole range of complex arrangements there, but you cannot have that unless you have a dual understanding of the two businesses. Obviously, the resource industry has a requirement to have a pipeline to get that to a major pipeline and it has a requirement, in cases, to put power to the gas well; all those things have to be on the table and worked through, about how that works around things like cattle or cropping or heading or whatever it is. One of the challenges we have in a lot of places is that the powerlines that they put to these wells are where there is a lot of helicopter mustering; that in itself is a complex issue. We have worked with companies to make sure they run with ridge lines the way that the cattle flow. The companies do not have this understanding or knowledge; that is what they have to learn. That is, I think, the first step in developing these two business arrangements together.

The CHAIRMAN: Let us say the personnel from the gas company perhaps lack the skills to do that, or the landholder perhaps lacks the interpersonal skills or is frightened at the prospect of the unknown and things do not go as smoothly as you would like; where do either party or both parties turn to for assistance in what, obviously, they would both see as a problem?

Mr Cotter: One of the compliance issues the companies have to do is that they have to pay for, obviously, legal advice, or other agricultural advice such as ag advisers or accountants. That is part of the land access code that they are responsible for. A landowner may get in some professional advice to help them in that area. It is then very much a role of the commission to see that the companies do have the people out there who can negotiate that understanding, and they have certainly moved to employing much more locally based people who are members of the local community with some agricultural background. It is very critical that you get those people and you upskill them into the understanding of the industry, rather than get industry people in and try to upskill them to the agricultural industry. That has been a good progression. At the same time, the commission has been very involved in helping the industry understand what skills their staff need.

Hon BRIAN ELLIS: As the Chair said, I am a farmer and we total crop. Are the companies starting to understand that there would only be certain times of the year that they could actually come on the farm, when you have not got a paddock for them to drive over because it is all cropped? I was just wondering how cooperative they are when it might only be in the summer, up to harvest, when they could actually get onto the place?

[11.00 am]

Mr Cotter: I guess the other issue is that if you do have to sacrifice part of that time, then the compensation reflects that. The compensation is a complex process, and I am very much personally focused on production. If it is an impact on your production, then it is an impact on that business and should be treated as such. It is not just an area of land that might be valued at X; it is part of your whole production. So it is not only the bit that they are treading on that is being impacted—for instance, in broadacre planning or aerial seeding or whatever it is—it is a wider impact on the production of the whole operation. They are the sorts of things they have to get a better understanding of.

Hon BRIAN ELLIS: Just a quick clarification on your land access code: is that for all mining, it is not just for the gas?

Mr Cotter: Yes; it is the resource industry land access code, yes.

Hon PAUL BROWN: John, when you were talking earlier about the NVD and the chemical notation that we all, as producers, put on there, is there a requirement for each individual property to have, under your code, a property-specific register—so that way the landowner knows exactly what chemicals are being used on his or her property—as opposed to an industry-wide chemical register?

Mr Cotter: Bear with me as to whether it is written in the code, but there is a requirement for the company to have on site a list of the chemicals on that property—on that site. Whether it is

registered or not, I could not concur, but I know for a fact that a landowner should be able to go to the company and say, “What are you using on this site?” as far as drill muds and whatever it is —

Hon PAUL BROWN: That way, when you are signing the form you are signing with some confidence. So I am not saying that chemical A may be used in the industry and therefore it may be used on my property; I actually know that chemical A is or is not used on my property.

Mr Cotter: That can be; at the request of the landowner, they should provide that.

Hon BRIAN ELLIS: Just going back to the commission: you have provided advice to the Queensland farming community, have any of the lead groups that have been in total opposition to fracking come to you for advice?

Mr Cotter: No.

Hon BRIAN ELLIS: That is interesting. None at all?

Mr Cotter: When you say come to us —

Hon BRIAN ELLIS: To enlighten themselves?

Mr Cotter: Not formally, no.

The CHAIRMAN: Is there a working relationship being sought or established or not established?

Mr Cotter: With?

The CHAIRMAN: With anti-gas industry groups?

Mr Cotter: I think we have our interactions, but I would not say there is a —

Hon PAUL BROWN: It is not cosy.

Mr Cotter: Not cosy, thank you. Can I just expand on that, if you do not mind, for a minute? When the commission was formed, the only appointment the government made directly was my appointment as chair. Very straightaway I was asked, “Do you oppose this industry?” or “Do you want to stop it?” I made it very clear: I said that we have a democratically elected government; they decide the future and economic drivers of this state. I am not here to decide whether or not this will happen. When the government decides it is to be an industry going forward, then they have appointed me to work out how. I think that needs to be very, very clear that you, as the elected members, make the decision as to how this industry or an industry or whatever activity goes on in this state. It should never be in the hands of an appointed person to decide whether it is or it is not, but it is about how. I very much am adamant about the fact that if the government’s policy of the day—which are duly elected—says that this is an industry that we are going to progress, then that is their decision and they are judged at the next ballot box. For me, it is about being appointed to find the best way forward for this to happen, of both industries going together. I think that it is absolutely critical for any appointed person to be very clear about that. It is absolutely not the role of an appointed person to decide on government policy.

The CHAIRMAN: Just last week we were over in South Australia as a committee and, indeed, we got up to the Cooper Basin. We also met with Barry Goldstein. Are you acquainted with him?

Mr Cotter: Yes.

The CHAIRMAN: Barry, as a senior officer with the South Australian government, emphasised in his remarks to us that it is important to have an outcome for the wider community which meets not only economic but the social and other outcomes that are desirable. Now, of course, the art form becomes how you assess that as well. Is that a view that you have developed sympathy for as well—that sort of triple bottom line?

Mr Cotter: Absolutely, and I think if you start with landowners, for instance, as a base for where this operation is most directly impacting, it is absolutely critical that they have a social return, as in an acceptability of this industry being in partnership with them. That is the first part, as the most

directly affected. Then you have got the flow-on, as you mentioned, about the communities. I have mentioned several times, both yesterday and today, how important and how easy it is to talk about landowners but not the communities, because it is absolutely critical that those communities have an understanding of what goes on around their communities. Given that Queensland and Western Australia are both fairly urban-centric inasmuch as we have got a chunk of population in one part of the state—in south east Queensland we have, and you have around Perth and Fremantle—I think we have a responsibility that they are informed. I often quote the comment that over 40 per cent of the Brisbane CBD office space is occupied by the resource industry. So not only is it economically part of the south east Queensland-centric; it is part and parcel of the kids at school, the restaurant trade, whatever it is—the shopping centre. It is all about the resource industry is there alive and well in the south east corner. It is not often seen as a relationship between that and what is going on out on the farmer's property. That social interaction is a given.

The CHAIRMAN: Again, the feedback I am receiving from you is that an ongoing dialogue and consultation is the key to working out where those outcomes should land.

Mr Cotter: Absolutely, and your urban population has a good reason to want to be informed and understand what is going on in the wider community of their state. Probably one of the areas that we have done a fair bit of work on is our urban politicians, because they are mixing at the school fete. They are at everything every day, and their interaction with their communities and having them well-informed about the industry that is going on out there that they only see the negative headlines about is absolutely critical.

The CHAIRMAN: I think there is an anticipation in Western Australia that a government of the day, through its departments, will have to receive applications for exploration from areas as diverse as the vast inland Canning Basin through to the midwest area, which is an area inhabited by a lot of farming concerns, or even into our south west, which is an area which has a different demography—the wine industry, forestry and wilderness areas, as well as reasonably well-populated areas and intensive farming. I guess the government of the day would have to frame its response having regard for the different circumstances that prevail. Would you agree with that?

Mr Cotter: Very much so, and I think, though, there must also be a good understanding by those communities of the consequences of yes or no. It is all very well for people—we have it on the edge of Brisbane, what we call the scenic rim, which is on the fringes, where people said, “We’re not having any gas”. However, the consumption of gas in Brisbane, 95 per cent of it, is coal seam gas, so they are quite happy for it to come from somewhere else. It is the old story of not in my backyard, and people have got to be held to account for that. If they do not want it in that community, that is fine; but they must understand the consequences if they want it in someone else’s backyard. The reverse happened in Queensland some time ago, where we had a toxic waste dump in Queensland and they decided to move it out to Miles, where one of these big developments is now. It was all very well for the toxic waste to be taken out to the country. I am very much, as a regional person, holding urban communities accountable. That is fine, but it works both ways. I think that is up to your local politicians to have some fortitude in putting that argument out there and say, “That’s fine, if you want to preserve all of this thing, somebody has got to produce your energy.” That debate is sadly lacking, unfortunately, both at a state level and a national level. I think that the not-in-my-backyard attitude is all very good, but they still want the benefits and the returns from it. We see it in the agricultural industry, and particularly the food industry; they all want their best quality highest clean green food, but then they say, “We don’t want all these other things going on.” It is time we had that debate in Australia about who is contributing to the wellbeing of this country. Unfortunately, the regions have been the biggest contributor for very little return for a long time.

[11.10 am]

The CHAIRMAN: In the midwest we do have issues arising now. There has been activity in parts of the midwest for quite some time, but there is renewed exploration activity occurring about this time. I am trying to put myself in the position of a farmer with paddocks full of stock and all the other things that you understand even better than I.

Hon PAUL BROWN: You do not have enough grey hair yet to do that!

The CHAIRMAN: I am working on it, and I thank you for your contribution. Again, I am contemplating a couple of things. On the one hand you could have a producing gas well on a farm property, which actually does not occupy a very big footprint at all—the proverbial six-foot high Christmas tree, I think they call it, and perhaps a subterranean pipe. I am also aware that there is bit more to it than that. We have seen pits excavated which do not seem to go away for the life of a well; they would remain on the property. During a fracking operation, we saw the aftermath of one—and very well conducted I am sure it was by Santos—up at Moolion, north of Moolamba, where the presence, for a short time, was absolutely massive with the number and size of vehicles of all kinds—rigs and so on. There is a very big difference between the ongoing presence of a single tree and that sort of invasion. Again, that can generally be managed, I am sure, in a remote pastoral setting. In your experience, how have those operations been managed in a more intensively populated area?

Mr Cotter: Can I go back to my comments before; that is, the first thing is to understand the psyche and whether it is an intensive rural operation, such as flood irrigated cotton growing, which is probably the biggest challenge you could have in the inner downs area. That is very much about a planned, well thought out dual arrangement with the farmer. You mentioned when you can and cannot be on the place or if you are watering country and it is laser levelled and has irrigation—all of that component is extraordinarily complex. That comes down to the point where in a number of cases, the company has said, “You can forgo your income for two years while we do our business till we get back to your gas well on top of the land.” If that is the price of doing business, that is the price of doing business. We are not going to disenfranchise production out of a good farm forever for a short-term benefit. That is the price of doing business. In your broadacre wheat country, in our case, we have 50 and 60 wells on people’s places, they basically decommission that farming business for two years until they rehabilitate it back. That is the cost of doing business. I have seen what 70 or 80 wells on a property looks like, and you are not wrong; it is challenging to see what disruption it does.

Then it comes down to the science of the soils. Can you put it back? I could show you some photos I took only three days ago of a pipeline that went through some high-value lucerne-growing country. Here and here, the lucerne crop is A1. The pipeline piece, which has properly been rehabilitated, is not back there. How long that will take is the challenge. These are huge challenges in the intensive areas—not unsurmountable, but they are a real challenge to manage from the production point of view, to say nothing of the people point of view as to the fact that you are probably dealing with 10 times more people than you would in the outlying places.

The CHAIRMAN: With the 70 wells on a—was it on a wheat property?

Mr Cotter: Mixed farming.

The CHAIRMAN: After the initial setting up, which, of course, obviously is very disruptive, when you have your 70 wells established, reduced to the smallest operational footprint you can have, what would be the impact on the farm on an ongoing basis in that case?

Mr Cotter: There is obviously an impact from them being there, but there is also an impact from the servicing—the people you mentioned early in the discussions. We do not like people coming and going and interfering with our business. It comes down then to how well it can be rehabilitated. Remember, every well is connected by a series of pipelines or a pipeline, so you have this process of them being trenched and dug. It comes down to the type of soils and the type of weather. All of

those things make a contribution to how well it can be rehabilitated back to previous production capacity, and that is critical. In some cases, it will never come back; it is just physically impossible to bring it back because your disturbance factor of mixing the clays and the soils and all of those things is just not feasible. There needs to be an ongoing compensation to that production business to do that.

The CHAIRMAN: The landholder might well say—I am sure you have heard this many times—“We’ve got a perfectly good, very productive farm contributing to our economy and our township and our local community and exports and clean food and all the rest of it. That’s been severely damaged to the tune of 20, 40, 50 per cent. It’s just not worth it. Go away.” How does a state deal with that attitude?

Mr Cotter: That is, I guess, why I made the point that the state has to decide where that resource extraction happens. You have to weigh up the values when you issue that permit to extract or to explore or to develop. That is part of the weighing up you have to do.

The CHAIRMAN: That triple-bottom-line effect again.

Mr Cotter: That is right. The challenge for elected governments is you also have to weigh that up in the context of the whole project. In our case, we had three projects of \$60 billion-odd, and a proportion of that was on the intensive farming land. You have to weigh that up at the same time.

Hon BRIAN ELLIS: The answer, though, I suppose, is if the compensation is adequate enough to satisfy that farmer, it does not really matter, does it? As you say, a lot of the land will never be restored to its original production value.

[11.20 am]

Mr Cotter: In certain soil types and things like that. We have come a long way in the science of managing soils now. Obviously, particularly in areas where there are pipelines, where you put huge, massive cuttings and things like that, they are no different to highways, are they? They cannot be brought back.

Hon BRIAN ELLIS: I suppose the question is: what is adequate compensation?

Hon PAUL BROWN: John, I go back to your previous comments about the Scenic Rim around Brisbane. I would be interested to know if either the commission or the DMP version of Queensland or the EPA have been able to illustrate to some of these communities that it is very easy to turn on the tap or turn on the power and water or gas comes out of the pipe, but to get it there, if you do not accept that it is in your area—if there is a resource in your area that you can access very easily, and you say, “I don’t want it in my backyard”, to access it somewhere else—a resource that might be a long way out—there is a rather large displacement on a lot of other properties and a lot of other communities. You may well be able to compensate for that, but the displacement that actually occurs to get a resource, rather than from point A to point A, from point A to point Z, quite a lot has to take place—a lot of displacement. Is there any mechanism in Queensland, through your various agencies or the commission, that you have been able to illustrate the downside of not accepting something to other communities?

Mr Cotter: I would think not really because the focus in the Surat Basin has been more not domestic. It is an export product to Gladstone, and those impacted people are very much about the people between the Surat Basin and Gladstone, through the three major pipelines. I think that has caused significant challenge to get people to accept that this is for the better good, for the want of a better word, as an export. Something the rural industry understands well, I believe, is the fact that we are very much oriented towards exports. We export 68 per cent of our rural production. Rural people understand that developing a resource and exporting it is part and parcel of business. No, we certainly have not addressed the domestic issue. There is an inordinate supply of resources for the urban community. It is like food; they would never anticipate there ever being a food shortage in Australia, and I do not think they anticipate seeing an energy shortage in Australia, to

the point where it actually directly affects individuals. I think you will see in parts of Australia an impact on business. I think that is coming. That will be an economic one as to coming to world parity prices versus the domestic price we have at the moment.

Hon PAUL BROWN: I think that is one of the challenges we have over here as well. We have an industry in its genesis. While we are lucky in the sense that we have two lovely pipelines that travel from Dampier through to Perth and they can be connected into; nonetheless, if areas within our north Perth basin, and even potentially the Canning Basin—one of the things that I am concerned about is that if you are not willing to accept that there is a resource in your area and you are not willing for that to be exploited, shall we say, then you are actually asking someone else to have their backyard exploited, and it is an enormous displacement and it will be a lot bigger displacement for some of those communities.

Mr Cotter: And a lot more individuals affected along the way. However, as I said about the not in my backyard syndrome, I think it is unfortunately very much part of the psyche in parts in Australia.

Hon PAUL BROWN: It is an emotional argument.

Mr Cotter: And I think, unfortunately, the regional areas have been the providers and the losers. I think regional Australia is, to use our Premier's term, "In regional Queensland, it's our turn." I am heartily enthused about that because south east Queensland is a wonderful place, but it is very much supported economically by a lot of what comes out of the regions. We have a policy in government there of 50 per cent of the population of the state being outside south east Queensland and that means major infrastructure investment, and we have followed your policy of royalties to the regions—developing airports, doing water supplies and making them a good place to live. We can only do that if we have a vibrant economic base to do it from and resources are part of that.

Hon PAUL BROWN: Can I just ask one final question? It is very simple. John, your commission obviously has the budget to do what you need to do, to employ scientific officers and that. What sort of a budget do you have to do what you need to do?

Mr Cotter: We have \$2.5 million, eight staff, six part-time commissioners and I am full-time.

Hon PAUL BROWN: Is that \$2.5 million an amount that you need; as in, do you need more? We all know you want more, but is that —

The CHAIRMAN: Think carefully, we will be making recommendations!

Mr Cotter: I come from a private enterprise background and I like to see value for money. I developed the budget personally with some help from the department people and we looked at what we needed to deal with, the key issues, and part of that budget is an amount of money for expertise that we could never afford in-house. We bring in expertise as we need it; be it on water, on gas emissions or whatever it is. We are a work in progress, I guess, and we have only had 12 months officially. The hardest part is dealing with what a statutory body brings, as in compliance. As in any government department, we have to meet all the other legislation of compliance such as financial auditing and all of those things, which has consumed a considerable amount of our budget. But no, I have enormous support from the government and I have not asked for any extra money.

Hon PAUL BROWN: Give that you are not reporting to the government or a minister, is it the Speaker —

Mr Cotter: It is to the Parliament. Our annual report goes to the Speaker of Parliament but we are, I guess you would call it, hosted by the Deputy Premier and Minister for State Development.

The CHAIRMAN: As we draw this very valuable hearing to a close, Mr Cotter, there are a number of questions that arise for our jurisdiction and one of those I might put to Mr Haworth now while you are still here. It goes right back to the early stage of this hearing when Mr Cotter referred to

early days in Queensland with some evidence of gas companies imposing their presence on landowners, imposing themselves on landowners in a fairly callous and ruthless way that was not really very respectful of the landowners' rights. Have you got any comment about what we have observed in Western Australia, if anything, about those relationships so far?

Mr Haworth: Yes, thank you, Mr Chairman. Yes, we have seen that going right the way back to the 1960s. The way the petroleum act is written is one that talks about landowners' and petroleum company operators' rights very strongly. I think what has happened is some companies have said, "I only need to talk to this particular landowner, and he has to let me onto his property." I have seen that over the last 20-odd years in Western Australia. It is not good practice. It does not help your social licence to operate at all for a company. But what is happening, and we have seen it especially over the last three years in the midwest and in the Kimberley, is that the companies are taking on that responsibility a lot better. The AWEs of this world, Buru Energy for instance, know that they have to deal not just with that particular landowner, but also with the neighbours and with the communities. Legislatively they do not have to because it is not in the legislation, but in the corporate social responsibility of a company it is their responsibility. There is the petroleum act, if you like, but there is this moral requirement that everybody really needs to do it. And the companies are doing it. In fact, at the open day in Fremantle yesterday, someone from one of the companies that has been a little recalcitrant on this came up to me and said, "I think I'm gonna have to start talking to the communities, aren't I?" and we said, "Yes, yes you are." That was a good result.

[11.30 am]

There was another comment that was made about information being put out there and whether the DMP is in a position of a conflict of interest because it is actually seen to be supporting the industry or promoting the industry. Again I go back, and it is only three years, maybe four, in the communication that came out of industry around shale gas—Queensland had it as well earlier—the industry was dead silent; they would not say a word. The organisation APPEA has really worked with the offshore. They do not communicate in the offshore because there is not much to communicate to. Being confronted with what happened in Queensland and what is happening in Western Australia was totally foreign to APPEA—to actually talk to people to put the industry's case forward. We did put some information out there and my concern about that was that yes, it was promoting. In fact we had a meeting just recently and I realised that one of our slides just needs to be thrown away, because we are talking about business opportunities in the regions from this industry. We are government, we cannot say what the industry is going to give to a community; that is up to the industry to do. So we are tempering that and taking out a lot of the stuff that we thought would be helpful to communities and saying, "No, what we are going to talk about is: What is it? How is it extracted? How is it regulated? And then a final little bit about what is going on in your area?" That is our message coming out now. Our message to industry is: "Get in there early. Be open. Be consistent. Be transparent. Be honest. Because if you do not do that, then people will object and your project will be delayed quite a lot if you do not do that." That means getting ahead of time, two years, three years ahead, before you are actually going to do it.

The CHAIRMAN: Sound advice from what we have observed already. Mr Cotter, is the land access framework, and the code of conduct which should flow from it, mandated by force of law in any way?

Mr Cotter: Yes.

The CHAIRMAN: What is the machinery for that?

Mr Cotter: It is part of the resource industry legislation.

The CHAIRMAN: And so an exploration proponent, for example wanting to go onto someone's property, is required to enter into a proper relationship with the landowner—or seek to—along the lines that we have been discussing?

Mr Cotter: The land access code identifies what we call preliminary activity, which is seismic and initial surveying of a property. Should they wish to progress past that to advanced activity, there is a requirement in the code for them to enter into a conduct and compensation agreement, which can be as much just for one well. Advanced activity starts with the drilling of one exploration well, and from there we build on that. If it is what we call a significant disruption or imposition on that business, there must be a written compensation agreement.

The CHAIRMAN: It seems to me—this is not an adversarial sort of hearing; I am just playing the devil's advocate—that if you did have a cowboy outfit—seeing we are talking about agricultural land, that is probably a poor choice of words; no offence is intended to the pastoral industry. But if you had a gas proponent with a less than perfect attitude to how they deal with landowners, they could still conduct preliminary activities with arrogance and disregard, could they not, for the landowner?

Mr Cotter: They can, I guess, and not only for preliminary activities. The commission would not exist if it had not been. There have been cases of less than acceptable behaviour by not only in some cases the companies, but their subcontractors. I guess the purpose of the commission existing is to overview that conduct. Can I also highlight that just this week an amendment to the land access code in Parliament included that the Land Court can now hear conduct, should it be a Land Court case. Before, it was only about compensation; it was an argument about the adequacies of compensation. It has been a particular driver of mine to have conduct also heard, which has the industry searching really what this means. But it has certainly sent a very clear, strong message that acceptable conduct is as important as the dollars around it.

The CHAIRMAN: That is something that we will follow up out of session with great interest, so thanks for drawing that to our attention. It seems that where people are pursuing self-interest and big dollars, there is always going to be a capacity for disregarding other landowners' rights, unless there is something with teeth to step in and stop it.

Mr Cotter: Yes. I think we can put this in the context of other industries. I can remember, as a very young person, seeing the development of shopping centres. Many a little old lady appeared to be trampled over, and I am sure the same thing has happened with freeways. Government is not without question on this either as far as building freeways and main roads and all sorts of things. It is something that I have taken as a way in which I think—I am speaking on Thursday next week at a major infrastructure conference in Brisbane for Queensland, and my point is going to be that a social licence operate now is not just the sole province of mining companies; it is life. I think governments have an equal responsibility to deal with people and consult with communities about a whole range of things. Local governments are not without challenge either, I can assure you.

Hon PAUL BROWN: Our social licence comes up every four years!

Mr Cotter: I think there is an expectation, and rightly so. As I said, I have been in public life for a long time and I have seen what I believe in this day and age to be some pretty unacceptable activities by a whole range of industries and governments. The time has come when community issues and individuals need to be respected; however, at the same time, I do not believe it is an opportunity for the people that we spoke about earlier who are anti-everything having grounds for driving that agenda. That is where the strength and leadership of elected people—they should have the fortitude to stand up and find the middle ground.

The CHAIRMAN: Thank you very much, Mr Cotter and also Mr Haworth, for appearing today. We appreciate your assistance in this matter and the benefit of your advice. With that, I will draw the hearing to a close now and bid you all a good day.

Mr Cotter: Thank you. Can I just reiterate, please, that I would never come here and say that this is good or bad in Queensland, but if I can share any experiences, I am extremely happy and pleased to do so—but never be seen to be guiding anywhere from Queensland. Thanks very much.

Hearing concluded 11.38 am
