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Hunter Valley:

COAL SEAM GAS EXCLUSION ZONES SUBMISSION

15th July 2014



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Critical Industry Cluster – Viticulture – Broke Fordwich Wine Region:

Our submission is that the Critical Industry Cluster – Viticulture in relation to the registered Broke Fordwich winegrowing subregion should revert to the original Strategic Land Use Plan which enveloped the whole of the winegrowing region.

We attach our submission dated 8th November, 2013 and refer you to it, we re-iterate its contents and we request that you again take the content of that submission into account when determining the Critical Industry Cluster – Viticulture in relation to the Broke Fordwich winegrowing subregion as registered with the Australian Wine & Brandy Corporation and as entered into the International Register of Protected Names.

Further to that submission we note that the latest iteration of the Upper Hunter Region Strategic Agricultural Land Map Sheet STA 004 shows little alteration to the Strategic Agricultural Land Map of 2013.

It does show, however, a marked and significant difference from the original “Strategic Land Use Plan – Upper Hunter – Strategic Agricultural Lands (Viticulture)”, a copy of which is attached and marked “A” for your assistance.

That original Strategic Land Use Plan, in our submission, accurately depicted what should be the Critical Industry Cluster – Viticulture for the Broke Fordwich area.

The Plan currently exhibited does not, in reality, depict a “cluster” (dictionary definition: “a group of similar things or people positioned or occurring closely together”) but depicts a central cluster with individual satellite vineyards remote from the “cluster”. These satellite vineyards are not “clusters” as such and to give protection and recognition to the Broke Fordwich winegrowing region those satellite vineyards and the land in between MUST be included as part of an overall cluster enveloping the whole of the registered winegrowing region. A map of the registered winegrowing region is attached as annexure “B” for your assistance. If all vineyards and the land in between are not included in the CIC Viticulture then the CIC fails to meet the Government’s own criteria.

The Government, in acknowledging the risk of damage to agricultural industry, described a Critical Industry Cluster in these terms:

“For the purposes of the Strategic Regional Land Use Policy, a CIC is a localised concentration of interrelated productive industries based on an agricultural product that provides significant employment opportunities and contributes to the identity of the region” and “it consists of a unique combination of factors such as location, infrastructure, heritage and natural resources” amongst other things.

It is laughable, and an international embarrassment, that an internationally registered winegrowing region such as Broke Fordwich should be divided up into winegrowing and coal seam methane gas extraction zones.

In order to properly protect the winegrowing industry and the reputation of Broke Fordwich, it is necessary not only to protect the physical vineyards, cellar doors, restaurants and cafés, but to also protect the overall experience of the millions of visitors who visit the Hunter Valley for that purpose.

We now know from statements made by AGL Energy to the Hunter Community Consultative Committee on 30th June, last, that there is very little gas available to the holder of PEL 267 having in mind both the residential exclusion zones and the Critical Industry Cluster exclusion zones.

We also know from those statements that AGL is looking at a time frame of between 5 years and 100 years to access that coal seam gas and if they do they will only produce 3PJ per annum over 15 years using a “virtual pipeline” of heavy tankers taking that gas by road to their gas storage near Newcastle.

In support of the matters raised in the preceding paragraph we attach as Annexure “C” a copy of a letter recently sent to all Members of Parliament and as Annexure “D” a copy of a letter recently sent to all Directors of AGL Energy.

The wine tourism industry may well be unsustainable if the Broke Fordwich region as a whole is not made one contiguous Critical Industry Cluster and the scenic amenity is pockmarked with gas fields and visitors to the region are required to travel through industrial gas fields when travelling from one wine experience to the next.

We refer you specifically to the history of the Broke Fordwich winegrowing subregion set out in our previous submission and the reasons for its registration by the Australian Wine & Brandy Corporation, Geographical Indications Committee, and also its entry into the International Register of Protected Names.

The protection of the Broke Fordwich CIC cannot be based on a series of separate and remote Clusters as envisaged by the map on exhibition. The Broke Fordwich is one contiguous cluster and, in short definition (rather than the long textual definition described by the AW&BC) is the catchment of the Wollombi Brook from Paynes Crossing to Warkworth up to the 200 metre contour. That is the Broke Fordwich winegrowing region; that is what should be mirrored in the CIC viticulture exclusion zone; that is the area which was agreed upon by the various major stakeholders in the original Strategic Agricultural Land Use maps and which should not be altered to accommodate any miner or coal seam methane gas extractor to the extent that it interferes with the workings of the critical industry within the Cluster.

As previously raised in earlier submissions, from a Town Planning perspective, fragmenting the Cluster reduces its significance and its valued qualities, namely the rural landscape, scenic amenity, community events and the like; the fragmentation of the Cluster could devastate its position in the wine and wine tourism market and the viability of all other businesses which depend on the winegrowing industry.

The Broke Fordwich wine industry, both as individuals and also through the Broke Fordwich Wine and Tourism Association Inc., spends a lot of time and money in promoting and advertising its subregion for its vines, its wines, its ambience, and as the “tranquil side” of the Hunter Valley. The Broke Fordwich Wine and Tourism Association has been in existence for almost 20 years and has been most successful in its promotions over the whole of that time attracting many thousands of visitors to the Broke Fordwich winegrowing subregion. It is the whole of the area, the “cluster”, which the industry is seeking to protect.

Those promotions have included, over the years, Harvest Festivals and Harvest Festival dinners, Budburst Festivals and Budburst Festival dinners, the Singleton Wine & Roses Festival, the Spirit of the Vine Festival and dinners, the Little Bit of Italy Festival and Folk in Broke. The Broke Fordwich Wine and Tourism Association is also a supporter of the Broke Village Fair and Vintage Car Display, a Fair which attracts up to 10,000 visitors each year.

The subregion is home to four restaurants, to over 50 vineyards of varying sizes, to 18 olive groves, to 12 cellar doors, to 36 Bed & Breakfast establishments hosting 187 commercial beds, to three shops, a tavern, 2 service stations and a host of dependent business including bus tour businesses, a soap maker, an olive product creator and retailer, 3 home catering and wedding businesses, a make-up artist, two booking and property management business, a masseuse, a number of vineyard contractors, delicatessen retailer, alpaca breeder and winemakers. The number of businesses dependent upon the success of the winegrowing subregion continues to grow. All these businesses are sustainable for the long term future, as opposed to the coal seam methane gas industry which will come and go in the short term leaving the ground in an unknown state, environmentally and aesthetically.

Residential exclusion zones

The village of Broke

We again refer you to our submission of 13th November, 2013 in relation to residential exclusion zones, and reinforce the following points

The mapping in relation to the vineyard village of Broke has not taken into account "future residential growth area land" resulting in the exclusion zone, once the residential area does grow in accordance with the plans of Singleton Council, not being sufficiently removed from that future residential area.

To quote: *"buffer zone means land, whether or not it is within a Critical Industry Cluster Coal Seam Gas exclusion zone, which is within 2 kilometres of the outside edge of the following land:*

- a. *land within a residential zone,*
- b. *future residential growth area land,*
- c. *additional rural village land."*

To take into account future residential growth area land the footprint of the village of Broke must be extended to include:

- Those lots along the Broke To Cessnock Road (aka Singleton Street) from Wollombi Street to number 108 Cessnock Road, Broke. Whilst these blocks may be zoned rural or rural residential, they are effectively part of the village of Broke. In addition there is a café and a mechanic's workshop along this road.
- Those lots bounded by the Broke to Cessnock Road (aka Singleton Street) and opposite Nelson Street. These are smaller lots and will no doubt be developed in the future as part of the village.

- Those lots along Wollombi Street, Broke, from the Broke to Cessnock Road to Monkey Place Bridge. These blocks contain the various parks, the fire station, and then a number of dwellings on various block sizes some quite small in area (as small as 8020 square metres), whatever their actual zoning. These blocks are effectively and physically part of the village of Broke and the occupiers of those dwellings consider themselves residents of the village of Broke. Also included in this area is a small shop on the 8020 square metre block.

The village of Bulga

Similarly, it is again submitted that the footprint of the village of Bulga should be extended to include those lots as identified in the current zoning plans for Bulga as being zoned 1(d) Rural Small Holdings under Singleton LEP 1996. We refer to the submission from Singleton Council which contains the zoning maps and expansion proposals.

The areas covered by properties included in the Singleton Council LEP 1996 1(d) zoning are well in excess of the area designated as “Bulga Village” in the current plans provided by the Dept. of Planning and Infrastructure. We understand that Singleton Council previously lodged a submission supporting the future growth area of the village of Broke. The Singleton Council submission must be followed by Government.

These blocks are part of the village of Bulga and the occupiers of these consider themselves as residents of the village of Bulga.

The two kilometre residential exclusion zone measured from outer perimeter of the LEP 1996 boundaries overlaps the viticulture CIC to the south. This contributes to our argument that the area shown as the 2013 Viticulture CIC Clusters should be extended to include the vineyards identified to the west of the Bulga Village off The Inlet Road and to the west off Thomson Road.

We refer to the previous statement concerning the land contained within the Broke Fordwich Winegrowing Region. The areas around the Bulga must be included in this region as originally intended in the draft land use study of 2012. Reference is made to the Singleton Council rezoning proposals for the land around the current 1(d) zoning. Their proposal in the Draft Singleton LEP 2102 for RU4 zoning (Primary Production Small lots) provides for and we quote *“To recognise the Hunter Valley Wine Country and the adjoining environs of Broke-Fordwich as a major tourist destination by providing additional opportunities for tourist uses”*.

In addition Bulga is part of the PID irrigation district which was installed for the use of grape growers in the Bulga area.

Further, Bulga has many tourism related events and sites bringing tourists to Hunter Wine Country including: the “Tough Truck Challenge” which attracts about 5,000 visitors from as far away as Western Australia; the Milbrodale Mountain Classic also attracting many visitors; the “Baime Aboriginal Cave”; the historic Bulga Tavern; apiarists and honey sales; organic vineyard; orchards and more.

The total area to be included as part of the extended Broke Fordwich wine area is shown the Singleton Local Environmental Plan 2102 Land Zoning Map Sheet LZN-009.

There must be room in the exclusion zone for expansion for residential development and we believe that the area proposed in the Council’s 2012 Draft SEP will provide for this.

The exclusion zones around Villages and in the Viticulture CIC clusters must be free from gas and exploration wells and head equipment, administrative facilities, infrastructure relating to the CSG operations, pipelines above the ground, electrical supply cables or communication cables above, on or below ground. There must be no pipelines crossing or entering the village areas or roads or tracks relating to any CSG facility

SEPP – Schedule 2 – Modification to Schedule 1 State significant development – general, Clause 6(2A).

This is not a “minor modification” but a major amendment. There is no logical basis for it. In fact the opposite. This permits CSG explorers to avoid a full environmental assessment and consent for fracking wells which could now be very close to residential areas.

In order to protect the landholders the 3 kilometre measurement must be made from the outermost wells in any set of wells. A full EIS is a MUST for any fracking operation in a set of wells.

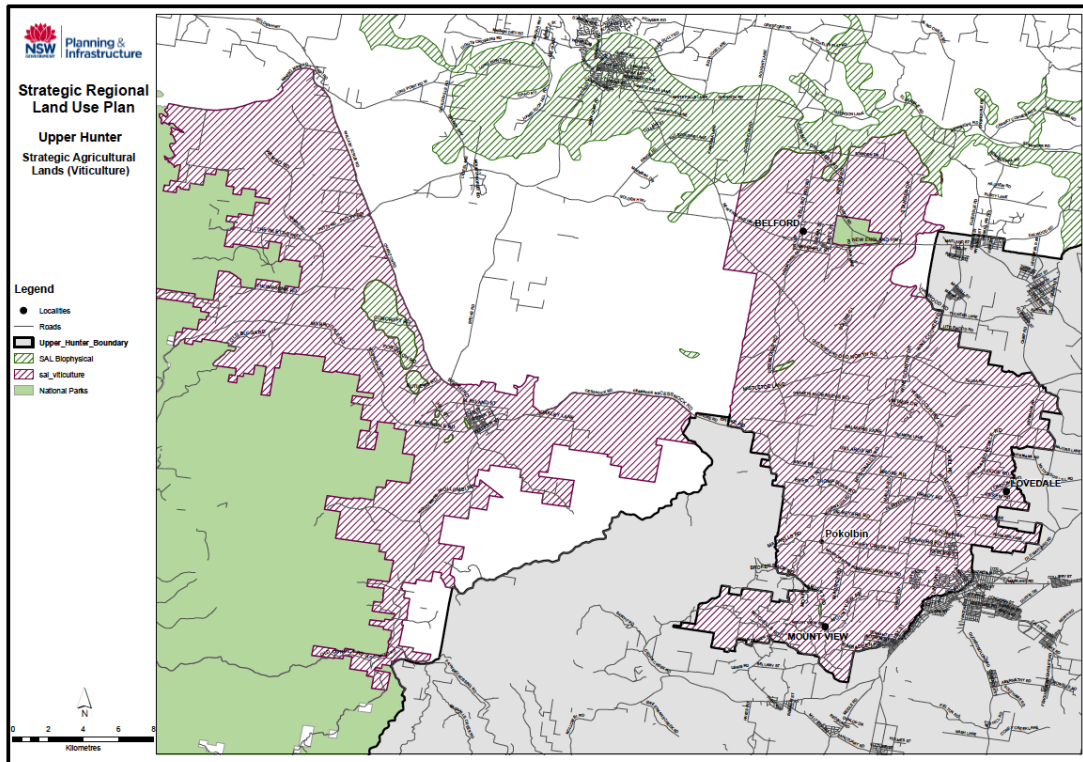
Scientists have differing views as to the risks of hydraulic fracturing (fracking), namely risk of contamination or diminution of aquifers, risk to ground water, risks to rivers and other waterways, risk to soil and vegetation from saline produced water, earthquakes, human and animal health, and more.

Each area has its own individual geology which must be investigated to ensure there is no chance of any of the above risks occurring.

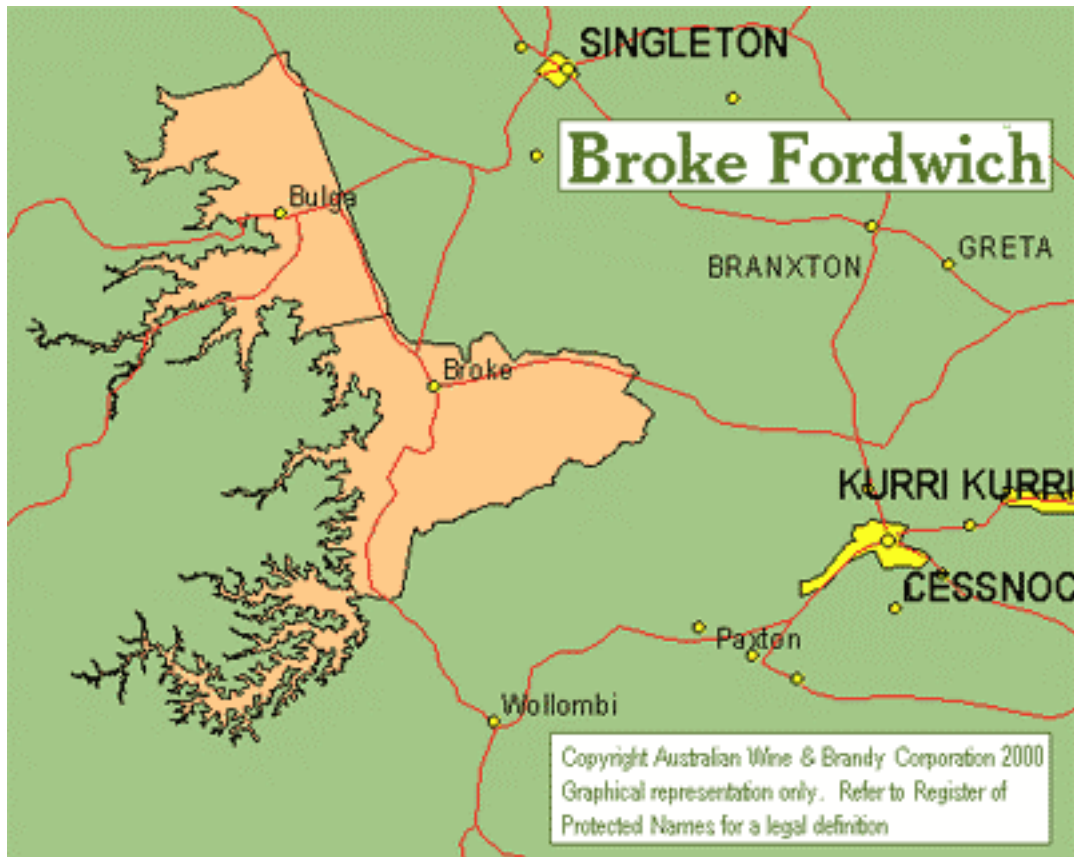
Full EIS and underground geological studies must be carried out in all instances of fracking to ensure that none of these risks are realised.

ANNEXURE "A"

2011 Strategic Agricultural Lands (Viticulture)



ANNEXURE "B"



Annexure "C"

HUNTER VALLEY WINE & TOURISM ASSOCIATION

14th July, 2014.

NSW State Parliament Premier/ Ministers

Dear Minister,

**Re: Coal Seam Methane Gas exploration and extraction
in the Hunter Valley**

***RE: Coal Seam Gas exploration and extraction in the Hunter Valley
HVPA urges the NSW Government to revert to the original Critical Industry
Cluster exclusion zones and protect the agriculture and tourism industries
for the future***

Dear Minister,

Further to our recent correspondence about AGL's misrepresentation of comments from the Valuer General's report '*Study on the impact of the Coal Seam Gas industry on land values in NSW*', we write to you once again to highlight AGL's intended activities in the Hunter region re: Coal Seam Gas exploration. We urgently request that the NSW Government reverts to the original Critical Industry Cluster exclusion zones and reconsiders the granting of the renewal of PEL 267 to ensure it omits all blocks adjacent to the Critical Industry Cluster, therefore protecting the Hunter Valley's lucrative agriculture and tourism industries – now and in the future.

We were disappointed to hear at a Hunter Community Consultative Committee (HCCC) meeting held on 30 June, AGL's General Manager of Upstream Gas, Mr Mike Moraza, advising the meeting of the following:

1. AGL intends to move forward with the Hunter Gas Project despite having written off 146PJ 2P reserves as a result of the exclusion zone SEPP. AGL currently claims to have 40PJ of reserves on properties owned by AGL.
2. AGL will amortise capital investment over 15 years. This would mean production of less than 3PJ per year and the need to move heavy machinery from one location to another. This suggests that there is no commercially viable production option available that AGL would be ruining sustainable wine and tourism industries for little return on investment.
3. **The project would take more than 5 years but less than 100 years.** This puts the Broke Fordwich winegrowing area in an unknown state up to 100 years.

4. The reserves are not contiguous and would require a number of mini LNG compression plants on properties throughout the registered winegrowing area of Broke Fordwich. This will affect the tourism industry in this burgeoning wine growing area.
5. There is insufficient pipeline capability to convey any produced coal seam methane gas from the mini LNG compression plants and that a “virtual pipeline” of LNG tankers would be used to transport the product. The current highway infrastructure does not support the use of heavy vehicles.

As previously mentioned, we have provided details regarding the threat of CSG activities to land values within the Hunter Valley and CSG exploration areas. AGL's advice at the recent HCCC meeting, presented that, while the Hunter region as a whole may have seen growth in property values, the areas affected by the threat of CSG mining have suffered a material decline in value. In addition to property value losses, these proposals detailed above will result in permanent damage to the wine industry and the wine tourism industry.

We also think it is pertinent to reiterate our concerns in relation to the threat of CSG activities to aquifers, water courses, groundwater, the catchment area, saline contamination of soil and the appropriate disposal of produced water containing salt and other contaminants.

We urge you, as a Member of Parliament, to review the renewing of PEL 267 and either decline the renewal, or omit from the renewal all blocks adjacent to the Critical Industry Cluster – viticulture. Ensuring the Broke Fordwich winegrowing areas do not come under threat from permanent damage, now or in the future.

Thank you in advance for taking the time to review our concerns.

If you have any questions, please do not hesitate to contact me on mobile: 0408 234 773 or email: sfe364@outlook.com

Yours sincerely,



Stewart Ewen OAM
Grape grower and Representative of the Hunter Valley Wine Tourism
Association

Annexure "D"

HUNTER VALLEY

WINE AND TOURISM ASSOCIATION

8 July 2014

'Private & Confidential'

Mr Jeremy Maycock
Chairman
AGL Energy Limited
101 Miller Street
NORTH SYDNEY NSW 2060

Dear Mr Maycock,

Re: Coal Seam Methane Gas – AGL exploration in the Hunter Valley

We write to you, as we and others have previously done, as a Director of AGL concerning the issue of your company's activity in the Hunter Valley.

Our purpose in corresponding with you on this occasion is as a result of a number of statements made to the Hunter Community Consultative Committee on 30th June, 2014 by your General Manager of Upstream Gas, Mr Mike Moraza.

The statements made by Mr. Moraza are set out in the attached letter, which has been forwarded to all State Members of Parliament.

It appears clear from the following that the exploration of the wine area of Broke Fordwich in the Hunter Valley has reached the stage where it is no longer viable and we ask you, as a Board Member, to re-consider your continued exploration in the Broke Fordwich area and resolve to no longer pursue coal seam methane gas in that area.

In support of our submission to you, we repeat Mr Moraza's claims that there are only 40PJ of reserves (having written off 146PJ 2P reserves) available on properties owned by AGL in the Broke and Bulga areas as a result of the exclusion zones, both residential and Critical Industry Cluster-viticulture. In addition there is the memorandum of agreement between your Company and the Farmers and others that you will honour the wishes of any landholder in relation to your access to their respective parcels of land.

Mr Moraza has further stated that these reserves are not contiguous and that what reserves are there will only be able to be accessed by setting up a number of mini LNG compression plants on properties throughout the registered winegrowing region of Broke Fordwich.

Further Mr Moraza added that there is insufficient pipeline capability to convey any produced coal seam methane gas to your Newcastle storage plant and that a “virtual pipeline” of LNG tankers would be used to transport the gas. One would only wonder at the cost of this transport, let alone the damage to the environment through diesel emissions and the damage to current road infrastructure, and the possible devastation of the tourism potential in this burgeoning wine tourism area.

Lastly Mr Moraza said that “AGL would amortise capital investment over 15 years”. This would mean production of less than 3 PJ per annum, hardly commercial.

It really does appear that AGL is clutching at straws and that the wise thing to do would be to abandon the area at this stage and sell off the properties previously purchased by AGL.

In addition, it appears that there is little or no benefit to AGL by pursuing the exploration of these non-contiguous areas within the Broke Fordwich wine region, and that real damage could be done to the wine and wine tourism industries, to property values and to all areas of the environment generally.

Further, Mr Moraza said that the project would take more than 5 years, but less than 100 years.

How can any community function with such a threat hanging over its head. Even now land values are being severely affected, and we refer you to the attached letter handed to Mr Moraza at the HCCC meeting on 30th June, last.

You, as a Director of AGL, would not need reminding that you carry a duty of care that requires you to understand the full environmental and external economic implications of your Company’s activities. We need you to understand this in the current circumstances, and as mentioned above cease any further exploration / production activities in and around the lands making up the Wine Tourism region and linking the Pokolbin and Broke Fordwich regions.

There appears nothing to gain by AGL having in mind the extremely limited possible supply of coal seam methane in the area, and in continuing to keep the community guessing for 100 years. But there is much to lose by the community and its individual members.

It must be stated that this Industry Association, along with our associated community groups, will continue to oppose AGL in the strongest manner possible if you elect to ignore the requests we are making of you.

We look forward to your earliest possible response. We do note that we have had no response to previous correspondence forwarded to you and we would hope that in view of the current situation you will feel compelled to seriously contemplate the issues and respond to us.

Yours sincerely

Michael De Iuliis
Vice President

Bruce Tyrrell
Treasurer

c.c. Michal Fraser, Managing Director & Chief Executive Officer
Leslie Hosking, Non Executive Director
Sandra McPhee, Non Executive Director
Graeme Hunt, Non Executive Director
Bruce Phillips, Non Executive Director
John Stanhope, Non Executive Director
Belinda Hutchinson, Non Executive Director