

Scientific Inquiry into Hydraulic Fracture Stimulation in Western Australia



Submission from Pastoralists & Graziers Association of WA

19 March 2018

PGA Position on Hydraulic Fracture Simulation (HFS) in Western Australia

The PGA is a non-profit industry organisation established in 1907, which represents primary producers in both the pastoral and agricultural regions in Western Australia. Members include pastoral leaseholders and freehold farmers through the full spectrum of some of Australia's largest corporate pastoral groups to family-owned companies and trusts and individual landholders in Western Australia.

The PGA's core and guiding principles are subsidiarity¹, self-interest, self-reliance, property rights, rule of law, free markets, competition, lean², small government and reduced regulations.

PGA's position on Hydraulic Fracture Simulation (HFS) in WA is based on the application of these principles. Our position is outlined under 5 headings: Science and Technology; Economic Benefits; Property Rights; the Right to Negotiate; and Legislative Framework.

1. Science & Technology:

The PGA believes that the science, engineering and technology of Hydraulic Fracture Stimulation (HFS) are highly developed and the industry has demonstrated a high level of competency in implementing that knowledge and technology in a diverse range of geological, hydrological and environmental situations globally, including Western Australia. Consequently the PGA believes that the Precautionary Principle should be applied lightly, focussing only on those specific aspects where local knowledge is deficient.

2. Economic Benefits:

The PGA strongly believes that HFS projects, which meet all legislative and regulatory requirements, will bring significant economic and associated social benefits to the Western Australian economy from the local through to state level. This will range from benefits flowing to individual farm businesses via mutually beneficial agreements with HFS companies, local employment and local businesses providing services to HFS companies through to royalties that fund government programs. Agriculture productivity is intimately dependent on energy, including gas and gas-derived fuels. Consequently it would be hypocritical for PGA not to support gas exploration and extraction that was deemed by regulatory authorities to be safe.

3. Property Rights:

The PGA respects the Rule of Law and regards Property Rights as one of the essential foundations for economic activity that leads to individual and societal wealth creation. The PGA strongly believes that entities have a fundamental right to access resources to which they have rights to under the law. In the case of post-Federation freehold primary producers, a HFS company with rights to a gas field have the right to access that gas field but must negotiate in

¹ Subsidiarity - the principle that decisions should always be taken at the lowest possible level or closest to where they will have their effect, for example in a local area rather than for a whole country;
<http://dictionary.cambridge.org/dictionary/english/subsidiarity>

² LEAN simply means creating more value for customers with fewer resources (<https://www.lean.org/WhatsLean/>)

Attachment 1: Examples of issues or items that a farmer landowner may consider when negotiating a mutually agreeable and beneficial contract with a HFS company.

Each property is unique and each farming operation is unique and the property owner and farm manager are best placed to know what activities or issues proposed HFS operations are likely to impact on and how much. Furthermore, each stage of HFS operations – access agreement negotiations, exploration, drilling, production and rehabilitation may impact differently on the property and the farming operation.

The following list is not intended to be comprehensive, but to highlight the diversity of issues or items that a farmer might consider. Please note that this list is based on a broad-acre farming property producing grains, livestock and wool.

Stage of Hydraulic Fracture Simulation (HFS)	Issue for potential negotiation /compensation
Access Agreement Negotiations (Note these will apply to each phase below)	<ul style="list-style-type: none"> • Farmer’s time • Legal expenses • Consultant expenses to independently substantiate or investigate impacts
Exploration Phase	<ul style="list-style-type: none"> • \$/lineal kilometre for actual area passed over • \$/hectare for any hard stand area required • Sheeting and re-sheeting of farm roads used pre- and post-access • Gravel for farm roads if necessary on property • Farmer’s time to monitor and inspect conduct of the exploration company, impact on stock, fences etc. • Repair/replacement of affected fences and gates • Placement of gates • Replacement /compensation for any damaged infrastructure (e.g. sheds, fences, water pipes, tanks, planted trees/shelter belts etc.) • Monitoring soil/water/air quality • \$/hectare for grazing forage, and or crop destroyed/downgraded due to exploration • Agistment and or fodder, water, tanks, troughs, pipes if grazing land completely destroyed • Producer’s time and expenses to move or relocate stock from survey route • Reimbursement for any stock losses as direct result of survey, value at time plus future breeding or production potential lost due to gate being left open or closed contrary to instruction, disturbance of breeding stock resulting in mis-mothering (as in reduced lambing percentage in affected paddocks verses property average) • Future crop/grazing reduction due to compaction • Rehabilitation of all affected land • Rehabilitation/compensation for any biosecurity

	breaches (e.g. eradication of introduced weeds, diseases of plants or animals)
Drilling	<ul style="list-style-type: none"> • \$/ha annual land area access fee for drill site, flare zone and access roads • Maintenance of access road • Construction/maintenance of any required fences, gates, cattle grids etc.
Production	<ul style="list-style-type: none"> • Activity and consultation fee (e.g. flat rate per annum to be paid 12 months in advance regardless of activity) • Affected area fee, site and access roads, hygiene bay etc. Payable from date any activity commences • Flare clearance area fee for additional safety buffer required if flaring to occur (\$/ha/month) • Maintenance of access roads/fencing • Monitoring soil/water/air quality • Compensation per % of production of site (not required under current Act but would result in much greater farmer support)
Rehabilitation	<ul style="list-style-type: none"> • Rehabilitation of site • Removal and rehabilitation of access roads, if not required by farmer • Removal and rehabilitation of drilling by-products (water, mud etc) • Removal and rehabilitation of water bores/tanks etc required for drilling • Compensation for any long term reduction of productivity of affected areas and potential contaminated site issues • Monitoring of soil/water/air quality