

TRANSCRIPT

STANDING COMMITTEE ON THE ENVIRONMENT AND PLANNING

Inquiry into unconventional gas in Victoria

Sale — 30 June 2015

Members

Mr David Davis — Chair	Ms Samantha Dunn
Ms Harriet Shing — Deputy Chair	Mr Shaun Leane
Ms Melina Bath	Ms Gayle Tierney
Mr Richard Dalla-Riva	Mr Daniel Young

Participating Members

Mr Jeff Bourman	Mr James Purcell
Ms Colleen Hartland	Mr Simon Ramsay

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Secretary: Mr Keir Delaney

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Witnesses

Cr Neil Rankine (affirmed), and
Ms Deirdre Griepsma (sworn), environment manager, sustainable environment, Bass Coast Shire Council;
Mr John Websdale (affirmed), general manager, development, Wellington Shire Council;
Ms Sara Rhodes-Ward (sworn), general manager, community livability, Latrobe City Council;
Mr Tim Tamlin (affirmed), chief executive officer, and
Cr Don Hill (sworn), South Gippsland Shire Council; and
Cr Murray Cook (sworn), and
Mr Phil Cantillon (sworn), director, community assets, Baw Baw Shire Council.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I begin by welcoming the members of the public who are here and any media who are present. This is an open public hearing. The committee is taking evidence today on our inquiry into onshore unconventional gas. In welcoming witnesses to the public hearings of the environment and planning committee, I indicate that all evidence at this hearing is protected by parliamentary privilege. Therefore you are protected against any actions for what you say here today, but that does not apply if you go outside and repeat the same things; those comments may not be protected by this privilege.

We will begin by asking those present to make an opening statement. Try to keep them as succinct as possible. There will be an opportunity for questions from the committee at the end.

Cr RANKINE — The first thing I would like to say is thank you for the opportunity to put these views. There have been plenty of commissions of inquiry and so on in the past. I think we are getting somewhere with this issue. I would like to point out that Bass Coast shire unanimously passed a motion — a number of motions in fact — of outright opposition to coal seam gas. Every councillor in our municipality has been told by our community that they do not want this industry. There is good reason for that. Our environment is our economy. Tourism is the industry in our municipality; agriculture and construction are the other two major industries. The tourists who come to our municipality want to see cows in the paddock; they do not want to see an industrialised landscape. So it is absolutely essential to our economy that we maintain the viability of that industry without something that is going to industrialise that landscape.

As I mentioned before, plenty of other inquiries have gone through some of the issues around this issue. My own personal observation is that the industry has got ahead of the regulation. We are finally trying to address that here, which is good, but I think it is absolutely important, and I wonder about the rush in doing this. There is an existing moratorium in place. Why, for example, is this inquiry expected to give its first report in September? Why am I presenting here now when all the submissions have not even been made? I wonder whether we even know who all the stakeholders are — and consequently all the issues. I strongly encourage the government to consider lengthening this process of understanding the issues. I really do believe that there are a number of significant issues here.

One that I have personally been trying to get the previous government and this government to pursue is whether people are actually going to want gas in the future — I am assuming that the gas we are extracting in Gippsland will be used domestically. When we built a new house a while back, my wife insisted on having gas cooktops on top of the oven — it had to be an electric oven with gas cooktops — because the best chefs use gas. That was about 10 years ago now, but now the best Michelin chefs use induction cooktops, because it is a far more efficient, easier to control and better, if you like, technology. I think we are finding that now that with most, certainly domestic, appliances.

Take air conditioners, for example. Electric air conditioners now, for both heating and cooling your house, can be 600 per cent efficient — with one unit of energy going into that air conditioner, it extracts energy from outside and brings six units into the house. If you are burning gas in your house — gas is an old technology, really — you can only burn gas so efficiently, and we are doing that pretty much now. You cannot really improve on that, but electric appliances are being improved.

I really wonder, especially if a household has to pay two service charges, whether people are going to bail out of gas. So this whole question of whether we have enough gas, whether there is a need to unconventionally extract it and the inherent dangers in that, that is a big issue to me and I think to the rest of our councillors, and we would really encourage the government to actually make an assessment of that. My understanding is that the costs of gas and electric appliances, in a domestic situation at least, are basically equivalent now. As we all know, gas prices are about to go up with matching world parity pricing, and with efficiencies continuing with electricity I think people are going to turn away from gas. This might be a 20-year industry at best, I think. So why would you risk the agricultural values in Gippsland and, particularly for our council, the related tourism? I will leave it there, because I think the questions will be more on that, and we can move onto the next speaker.

Ms GRIEPSMA — I support what Cr Rankine has said, and council supports the inquiry and the terms of reference as they have been set out. A number of the points in the terms of reference also address where council's concerns lay. As Cr Rankine said, council has a very clear position and has been on a journey of opposition against coal seam gas mining and exploration since 2012. On 19 March 2014 it reaffirmed its position in total opposition to coal and unconventional gas mining and exploration. It is primarily based on the lack of a robust regulatory framework, the fact that an appropriate level of community support is not evident at

this point in time and the lack of independent peer review on the environmental and social impacts of the industry. Council has also recently made a submission to the Senate bill regarding landholders' rights, and we would like to bring that to the attention of this committee.

Council advocates to the state that unconventional gas exploration should not occur unless the social and environmental impacts are definitely demonstrated not to be detrimental, as I said; an appropriate level of community support is evident; and there is an appropriate regulatory framework in place to ensure the protection of the natural environment, local communities, rural industries and private property rights.

Mr WEBSDALE — Wellington shire's position is somewhat similar to Bass Coast, albeit that it has not formed a formal position in opposition. Wellington shire's position has been one where on behalf of its community it has wished to provide the community with as much information so an informed decision can be made, and in doing that we have provided a portal on our website to ensure that they are aware of some of the technical information that is coming out in relation to the coal seam gas and onshore gas industry.

Throughout this process we have attempted also, in addition to providing information, to advocate on behalf of the community. But in recognising that council does not have a statutory role in the process of issuing mining licences et cetera, our position is that we do not have the technical expertise within our organisation to form a technical position on whether this industry will have a detrimental effect to either the environment, the economy or the social fabric of our community.

In doing that therefore council has formed a position where it has requested that the government continue with the moratorium and that the moratorium remain in place until the government can clearly demonstrate to the community that there will be no detrimental impact and provide that assurance through sound scientific advice, that in particular Gippsland aquifer will not be affected and also that a detailed socio-economic report and assessment be undertaken to prove that there is a net economic and social benefit to our community.

Ms RHODES-WARD — Latrobe City Council adopted a position in 2012 on coal seam gas. It sought independent expert advice on coal seam gas, in particular in its municipality, and on the back of that wrote to the minister advocating for increased community engagement and consultation on coal seam gas extraction by the Victorian government with our community. Largely our conversation today will settle on the issue of a social licence to operate. We are very confident that there will be many presentations around the technicalities of coal seam gas extraction, looking at impacts on water — groundwater, access to aquifers, disposal of wastewater.

Council's presentation today is related to its resolution that there has been little movement on from that point. There is a role for government and any project proponent to seek from its community not only regulatory approvals but the social licence to operate. We feel that this is gained through and underpinned by extensive, innovative community engagement, engagement which seeks to earnestly resolve the community's fears, establish a spirit of enduring transparency and cooperation as well as the relationship with the community where trust can flourish. I think it would be fair to say that the community is no more at peace with the idea of unconventional gas extraction now in 2015 than it was in 2012 and that little work has occurred in that space to meaningfully engage with the community and to gain that trust.

It is our view that a social licence to operate cannot be purchased or regulated — it must be earned, established and created — and that proponents in this space should be required to work alongside the community, and they should be expected to secure the community's consent and not disregard it as an operational inconvenience. There are many ways that the industry could engage better with our communities, and we would firmly encourage them to do so. We think that there is a very strong role for our community to be empowered as the guardians of their environment and that there should be opportunities to explore embracing the community as meaningful partners through innovative, open, transparent, meaningful engagement, and that without doing this the community will continue to withhold its social licence in terms of operating these activities.

Mr TAMLIN — First of all, South Gippsland's official position is that it echoes what the previous speakers have already mentioned. The community is very concerned about this matter. Before the moratorium came in place, I specifically remember a very emotional session where council was presented with presentations from the community, and a lady who presented was of the opinion that this coal seam gas mining was going to occur in and around or near her town and that the adverse effects were going to impact on her young child, who she

had in her pram that day, to the point where she was in tears explaining her frustration and her great regret that this was going to take place.

In the absence of information, these sorts of perceptions do come to council, and I daresay come to state government as well. So it is very important we get accurate information on what is actually available regarding extracting in the various local governments if that is what has been proposed. Personally, for me, we do not even know if there is coal seam gas or unconventional gas available in our shire or if it would be worthy of exploration. If it is not, let us be done with it and move on. If it is, then we need to go back to what the other speakers have already said and make sure we are responsible and understand impacts, and to my knowledge, I do not believe there is a safe way to do that yet. That is pretty much where council is on the matter as well. They are strongly supporting the moratorium and look forward to working with the state government to better manage what is going on around this process.

Cr HILL — Our community are extremely concerned over unconventional coal seam gas. We are a farming area, and the community firmly believes that farmland and farming production should be protected from aspects of industrial organisation that could cause harmful effects to either the production or the groundwater aquifers for farming purposes. On the health concerns, there is much information out there showing that fracking is dangerous; the chemicals involved are extremely dangerous. To my mind the science has not declared such industries safe, and until they are conclusively proven to be safe, they should not be tested out on areas such as farmland in our area.

Tourism, yes, I reiterate what was said by Bass Coast. The public is dead against this. Regarding the use of gas as an energy source, I have been to a presentation recently about the off-grid electricity that is rapidly approaching, where it is going to be cheaper to disconnect yourself from the grid than to stay there. When the cost of that alternative energy is decreasing at the rate it is, it does not make any sense to invest heavily in another energy source which is potentially going to have so many harmful effects to our community when we can go green cheaper. So we should look at the other aspects here, not just whether we should coal seam gas or not. And the time frame for this here — we have not had time at council to actually promote to council to get an official viewpoint.

The CHAIR — You have taken a position previously.

Cr HILL — Yes, but I believe we could take a new position.

Cr COOK — Thank you for the invitation. Firstly I would like to set the record straight in that as recently as last week in the *Weekly Times* they divided Victoria up into the municipalities that had or did not have a policy on coal seam gas. Baw Baw was in the category of not having a policy, which is not correct. We have a policy that states basically that we will do whatever is necessary to protect our good agricultural land and our water. That will stay on the table and be reviewed in the light of all the information that is put on the table at the appropriate time. Outcomes such as this committee and even the state geologist report mentioned previously, we really do not know the full information on the information that is needed on what is under the ground. So we will be waiting on all of that information.

Local government is the bottom of the food chain, and the state government makes a lot of the rules that local government has to play by. We are very conscious of that across the board. We have a very concerned community. That has definitely been made clear to council in relation to coal seam gas, and we see local government as a conduit between issues such as this and our community. We have a very strong environmental advisory group who we will work with within the Baw Baw shire. So there is a lot of work to be done yet and council is keen to get involved and represent our community at the appropriate time, when all the information is on the table.

The CHAIR — My question is perhaps to all of these here, and people might want to respond. It is simple question: have people acquainted themselves with other models and arrangements around Australia, because I know there are some coal seam gas operations — some unconventional gas operations — in other parts of Australia? I am interested to know what view of that or linkage with it you have.

Cr COOK — The one thing that is obvious is you cannot translate from one geological area to another. It is very interesting to see what is happening in other areas, but until we find out how we correlate geologically you cannot really compare. But the thing that comes across of course is general community concern — that is the

one common denominator. The other one is of course that I have not seen an issue such as this bring so many different groups together in the name of concern.

Cr RANKINE — One thing that I would point out contrary to that is that in a lot of other areas this industry is where there are multi-thousand acre farms. We are much more tightly settled here, so there is potentially a lot more impact here. I think I might just ask Deirdre if she has got something else to say.

Ms GRIEPSMA — Leading on from Cr Rankine's comments, I think particularly down in the South Gippsland/Bass Coast region the productivity of our agricultural land is very high and the density of production is quite high as well. We do not know the effects of coal seam gas on the agricultural land at this point in time. We do not know the effects on our water catchments, nor on our ground and surface water. They would then impact our agricultural land. As the climate changes, we know that the area of production will possibly move south, out of the northern areas of Victoria, so that is something that needs to be considered into the future: how we maintain our productivity. I think there has been various pieces of information released out of the Queensland coal seam gas industry as well. There are various reports as to the regulatory framework, and whether it is robust enough, around that industry, and there are a number of anecdotal stories out there as to where people have had poor experiences on their land around coal seam gas mining activities as well. We do not want to see that be duplicated in any respect, and there is an opportunity obviously to undertake some solid, robust work prior to consideration of a position in Victoria.

Mr WEBSDALE — It would be fair to say that the community conversation with our council has been around the regulatory framework in other states, and obviously Queensland and some of the impacts that have been seen in Queensland has dominated that conversation, so people are naturally assuming that whatever regulation is put in place will be similar to the outcomes in those worst-case scenarios. I think that has dominated the conversations and has probably clouded the views of a number of people over what may or may not occur in other areas of Australia.

Ms RHODES-WARD — I think the Latrobe city community probably looks at this issue through a slightly different lens, which is its current experience with the resource industry. Certainly if we reflect on past 12 months, there is a heightened level of anxiety and potentially distrust within our particular community, so they will extrapolate — we hear that often — an extrapolation of their current experience and their most recent emergency experience onto any future potential industries, regardless of a level of detail known or unknown within that space. I think that is an entirely logical space for a community to move to, but I think it is an important and potentially more challenging issue to be confronted in terms of a community dialogue around the issue of gas extraction.

I also think part of the challenge is that it is far easier for members of the community to undertake a Google search on this issue and find negative information and information from community members who do not have a happy association with the industry. My view would be that there is a responsibility within an industry to provide opportunities for community members to either be informed by or have experience with or to be able to overview the possibilities around what various relationships with an industry may look like. So I think the community is able to freely avail themselves of negativity in that space, but finding something that is not negative is far more challenging for the community in seeking to meet their own information needs.

Ms SHING — Thanks, everybody, for coming along today and providing your views. I would like to ask you in relation to your respective organisations whether you would have considered the point at which the risk might in fact be able to be managed such that you could see this potential industry taking off, and what would the considerations be around managing the community concerns that a number of you have touched on? I suppose 'Is there a tipping point?' is the best way to ask that question.

Cr RANKINE — From Bass Coast's point of view, we do not believe there is. I will just reinforce Deirdre's point, with climate change moving weather patterns south, Gippsland is going to be the food bowl of if not Australia then Victoria for sure. They are predicting that in 50 years time the Murray-Darling Basin might only be producing 40 per cent of what it does now. We have got a real opportunity here to strengthen our agricultural sector and make it more productive, more intense perhaps in some areas. That is something we have absolutely got to protect.

Cr HILL — We have a lot of bore water usage for drinking water as well as for stock in South Gippsland, and I know that once you break into an aquifer you can contaminate it just like that. We have had a situation

where the groundwater table has been broken into by some sand mining in our shire and the aquifer which was for supplying drinking water for the local area is now contaminated. I do not think there is a something you can manage level when in each case you break into something you can contaminate it just by doing so.

Cr COOK — As far as a tipping point is concerned, I am sure the community do not want to get to a stage where we are working at the edge of the envelope and do not have any room for mistakes. We are dealing here with a long-term situation, with agriculture and tourism that can be ongoing. If we go to the edge of the envelope and go over the edge and cannot come back, it is too late. We are not interested in a tipping point. We want to make decisions before we get to that stage.

Mr WEBSDALE — From my perspective, from being involved in a number of inquiries, I think it is going to be very difficult to find a tipping point where the community will accept a particular outcome. My view is that the science may be there and may be able to provide a particular position, but I think gaining a social licence, even with that science, is going to be a difficult ask. I think that is going to be something that we will be challenging as you go through this inquiry.

Ms BATH — Thank you for attending this hearing. My question is in relation to the farming land and land owned by farmers in general. I have an understanding that farmers own a certain amount — I think it is only probably X centimetres down — and then technically the ground underneath is owned by government, the Crown and the like. I guess my concern and my question for you would be what are your councils' views on land ownership in terms of the rights of the landowners to prevent exploration?

Cr HILL — You are correct in what you said. Farmers only own the top part; you are right. But it is not a question of who owns it, it is a question of whether it is right for our communities to do so. You would not go and dig up a coalmine outside Flinders Street just because it is there. You would say, 'No, it's the wrong place for it'. You would go to somewhere more appropriate for that. In terms of ownership, the government has to decide how the country is run. This is a decision for government. It has to decide whether to take something out of the ground in this particular location or in another particular location or not at all.

Ms RHODES-WARD — Chair, I think it goes to the heart of the issue. Yes, there is a technical level of ownership, but I think in the hearts and minds of the people who own that land it is significantly more than what they technically have a right to have a say over. I think that probably is at the heart of the entire issue — there is the technical scope of regulation and then there is a technical scope of what people do and do not own, but then there is the scope that gives people comfort in potentially identifying a tipping point or a risk framework. That is the component that I think can only be solidified through a really meaningful engagement and dialogue with the community. In the absence of that, in creating a very technical space where there are technical provisions that do not correlate to the aspirations and hopes of the community, that is where we get the fundamental break between what it is an industry aspires to do and what it is a community aspires to protect.

Mr TAMLIN — Chair, further on that, technically the state government is elected by the people to govern in their best interests. Given the information around this issue at the moment, people are quite vocal in saying it is not in our best interest to have anything like extraction on our land, especially in areas that are so susceptible to damage and that are key in producing food for Victoria and Australia in general.

Ms GRIEPSMA — As you said, the landowners do not have rights below a certain depth of the soil. At the moment the only right they have is for compensation through VCAT. They do not have the ability to refuse. I think that brings fear into the hearts of a lot of people because they feel quite disempowered as well. They have a situation where an industry could potentially come in and actually govern what occurs on their own land and affect their agricultural productivity through that. The compensation that may be awarded through VCAT might not give people the comfort that they need around the ability to make their own decisions on the land that they technically own as far as title is concerned. Again, there is no social licence to do this.

Cr RANKINE — I suppose the technical answer to your question is that the state government owns these assets on behalf of the Victorian people. If we did a poll across Victoria, not just the farmlands, I am pretty sure that we would see that the majority of Victorians are against this industry because they do not understand it at this stage. Perhaps in the future there is some possibility that we might. If we look at the predicted use of electricity, we see that we put in a whole lot of extra new poles, wires and gas-fired boosting power stations a while back on the basis that we would need more and more electricity. But in fact the reverse is happening now. Electricity usage is decreasing because of the efficiencies in appliances that I was talking about before. That can

only continue to be the case in the short term; eventually we will need more energy. Renewables are becoming cost competitive now and so I would again ask: is there a future for this industry? Is it worth the risk?

Cr COOK — Yes. Your point is well taken, and it highlights what I said before, that local government, in comparison to the landowner, is even further away from the decision-making and accountability. It is interesting that there is gold mining going on underneath Bendigo. It would be interesting, say, if in the Latrobe Valley we still agricultural land and we had just found the brown coal. What would the community do? These are the things that whatever happens we have to bring the community along with us, especially as local governments because we are representing them to a certain extent.

Mr LEANE — Thanks a lot. I think I was going to ask the same question as Harriet, but I have a secondary one. But to go where Harriet went anyway, which encompasses part of your evidence, in discussing the aspect of the social licence, the evidence that you all gave is that, for the communities you all represent, granting that social licence is not even on the horizon. You cannot see it. You do not have to comment on that. But the question I was interested in asking is: what is your engagement with the industry or the potential industry and their lobbyists at a council level like? Do you have representatives queueing up wanting to meet you? Has anything like that worked that way?

Mr TAMLIN — No.

Mr WEBSDALE — No.

Cr RANKINE — I have had very little contact with the industry, other than through forums such as this. I am aware that down at Seaspray the industry is actually doing something, and I have had some conversations with representatives of that company, Lakes Oil, and one or two other companies — United Energy. To me, a lot of what they are talking about looks like smoke and mirrors, to be honest. I am not convinced that what they are telling me is accurate. It is as simple as that.

Mr WEBSDALE — From Wellington shire's perspective, we have had a number of approaches from potential miners in our region. None of that has actually gone very far, and it has been at the discussion stage because Wellington is not actively involved in the process so there is no real need for us to work with that particular industry. We have been aware of some level of activity, and on some of the inquiries that we have participated in the industry, whether it is Lakes Oil, has been actively involved in those discussions and putting their particular views forward. But from a statutory perspective and from a direct engagement perspective, there has been very little contact.

Ms RHODES-WARD — Our experience would be quite similar to Wellington's.

Mr TAMLIN — I have not had any approach from industry across my desk, but that is not to say that industry might not have had a word to a councillor. There has been nothing through the official channels.

Cr COOK — On the scientific aspect, the Wentworth Group has done a presentation that I have heard through the GLGN, and the state geologist, again going back in time — very early days, very inconclusive. But that is the very limited aspect to that side that you mention.

Ms HARTLAND — If the companies are not engaging with local councils, what is their engagement with the local community like?

Ms GRIEPSMA — The experience with Bass Coast shire is that the industry has approached some community members, particularly some of the more organised community networks. I have heard this anecdotally regarding questioning of how that position has come about. I do not believe those conversations have been very productive in their outcome. From Bass Coast's perspective as well, the issue of coal seam gas mining came to the council's attention through a mining licence, so again there is not a direct approach from the industry as such. It is through an application that might come through, and I suspect that is then how the community hears about it as well. The ability or the evidence of the industry engaging directly is not present.

Mr YOUNG — Neil, you said before that you do not think there is a future beyond, say, 20 years for this industry. Has your council or any others done any research into the demand for this resource?

Cr RANKINE — In our economic development policy, which this new council that I am a member of has not reviewed yet, there is a statement saying that we want to push gas into little towns that do not have it at the moment. I have done a bit of research into that. It is costing on average \$6000 per household to connect up to gas in rural areas. Does that make sense if the industry is not viable? I am not saying that the industry has a 20-year life span; I am asking the government to assess this. I have asked Russell Northe and Gary Blackwood to do this in the past, and the government does not appear to be making that assessment. It cannot be that hard to do, so I really encourage the government to actually go out and do that assessment.

Mr WEBSDALE — From Wellington shire's perspective and as I have said in my presentation, we do not have that level of expertise in our organisation to understand the demand, supply or the technicalities around the potential risks, so we have been pushing back to government to say we think it is your responsibility to be able to produce those sorts of reports and make the community comfortable. That is sort of the outcome that you have seen.

Mr DALLA-RIVA — Can I firstly put on the record I am a city MP based in Eastern Metropolitan Region. I had a nice gas-heated hot water shower this morning, just for the record. But having said that, I have come onto this committee — having been born in Orbost, though, so born in the area — and like most people I think in the city and probably elsewhere I am very unfamiliar with the issue of fracking, so I am pleased to be on this committee, also to understand the support of the local residents.

This is sort of an open-ended statement, so I want some feedback. In the reviewing of fracking or the issue of unconventional gas, it seems to be that there are issues around coal seam gas and then there are these other two things I have just discovered, tight gas and shale gas. Then we learnt about horizontal drilling, which I had not heard of. Then we found out that only 5 per cent of coal seam gas wells have been fracked so far. The issue that has come out from my understanding is the lack of information and the perception I had in the early stages about the dangers of fracking and coal seam gas. Then, like most investigations, you start to learn about what it may or may not be.

I also put on the record, as a former trade and export minister, the importance of the dairy industry and the agricultural business for this sector, having gone to China and India and other places. So I equally understand the need for ensuring development and maintaining of the rural dairy industry as it is in the western region.

I guess I am putting that statement out with a total level of confusion. On the one hand you have to maintain the environment as we have said. I guess the only question I have really was there was a statement made that whilst you oppose it in a sense, you did say that was unless based on a robust regulatory framework. I have the feeling from councils that whilst you are opposed to it, you are not totally opposed to it, provided there is a rigorous regulatory process that may be similar to what is occurring in New South Wales and elsewhere. Would that be a fair assessment of your statement earlier on? I think it was Deirdre who raised that.

Ms GRIEPSMA — Council has taken a position of opposition.

Mr DALLA-RIVA — I understand council, but you made the statement about the regulatory framework. I also got that feeling from Sara about the regulatory framework. Murray, I do not want to verbal you, but I also got the indication that unless there is further and better details, and I do not want to sound as if I am one way or the other, but there is obviously potential for an enormous amount of industry development — that is, economic development — but with the understanding of the risks associated with it.

Cr RANKINE — I would point out again that — —

Mr DALLA-RIVA — No, I want to hear from Deirdre. Thank you.

Ms GRIEPSMA — The statements that council has made have been based on that number of points: the regulatory framework, the full peer review and also genuine consultation around that social licence. They are the points that it has made that it feels that it would like to seek those outcomes. They were put forward in a submission to the Gas Market Task Force final report as well. For council to even consider revisiting in any respect, it would need to have those points well and truly addressed.

Mr DALLA-RIVA — Sorry, Neil.

Cr RANKINE — I guess we have a backup position there that if the industry goes ahead or if other councils around the state want this industry, then our community would absolutely want those sorts of assurances. I would also like to refer to Cr Murray Cook. I think we were talking previously about the expertise in this industry and so on. We had this scientist from the Wentworth Group of scientists come and present to us. Amongst the councils we decided that was the best option, for somebody to give us some really good technical advice, and they said that at this stage they cannot guarantee the safety of water supplies in our municipality, so until all those issues are addressed — although we would like to certainly develop a robust regulatory framework if you need to — at this point we feel it is just not acceptable.

Cr COOK — Like you, identifying the different types of exploration and coal seam gas exploration, it definitely points out that, until we know the geological reports, we really do not know in what form such exploration would actually take place. That is why we say in our council we are waiting for the information to come forward, put it on the table, and in the clear light source of scientific evidence we will then protect our good agricultural land and the water. The agricultural thing is very important and dairying is the biggest exporter for Victoria. What we are selling is a clean product worldwide. We do not want to jeopardise that worldwide situation we have in being able to market our product. That is very important.

The CHAIR — Agreed.

Ms RHODES-WARD — As a point of clarification around the comment of a robust regulatory framework, my point was largely that the devil is in the language of what a robust regulatory framework is, and there is a community view of what a perfect robust regulatory framework would look like. Then there would be an industry view of what a robust regulatory framework would be. I suggest that they are not even in the same hemisphere as each other. Then there will be a government requirement to create, if indeed they do, a robust regulatory framework.

My view is that there needs to be a co-creation with the community of what an acceptable regulatory framework would look like, because that is the only way the community will give any form of support and consent to an activity that it considers to be of an unacceptably high risk. What that framework looks like — yes, there might be a thing called a regulatory framework, but I suggest it looks very different based on who is driving it.

Mr DALLA-RIVA — Yes, cool.

Cr HILL — If the process is not proven to be safe, it does not matter what regulatory framework you have, you have a system in place that is going to lead to damage. So it has got to be proven to be safe first, because if it is not, it does not matter what the regulations are. We should not have it if it is not safe.

Mr BOURMAN — In light of the experiences in other parts of Australia and the world, has anyone done anything to try to quantify the effect on land prices if it were to go ahead?

Cr RANKINE — I can perhaps give a kind of related one. You talked about some of the variations in unconventional gas, coal seam gas and shale gas. There is another one, and I forget the technical name for it now, but it was literally burning the coal under the ground and getting a synthetic gas off it. That industry had the first exploration licence in our area. I was involved in the Gippsland-wide water strategy some years back, and that possibility was just being talked about then. The industry came to us and an exploration licence was applied for in our municipality to do that. The proponent assured us that it would be safe and all the rest of it. A year later similar technology up in Queensland blew up, effectively, and caused an absolute drama up there. I noticed people saying here in our municipality, ‘I wouldn’t touch any of those farms around there because they’re going to do this’. I think that there definitely must be some impact on land values.

Mr WEBSDALE — My only comment would be, and it reflects council’s formal position again, is that we do not believe it is local government’s responsibility necessarily to go through that exercise and do the land supply analysis from an economic impact perspective. What we are saying is that we will continue to support the moratorium until the government can prove through consultation and through work with the industry that that socio-economic impact has a net community benefit. I suppose that is why the community is so much opposed to this in our particular area, because they have not had any of that demonstrated to them at this point in time. When questions are asked, ‘Will it have an impact on my landholding or will it have an impact on my valuation?’, there is no evidence and no data around to be able to support the argument either way.

Mr RAMSAY — For the record, I am a farmer, a food producer and a water user, so I am very much supportive of protecting our food production areas. It appears there is no appetite from any of you in relation to potentially coal seam gas, regardless of whether it is shale or fracturing or otherwise, in your local municipality at the moment, and that is the feedback you are getting from your communities. Obviously the mining companies need to do more and more to give comfort or to convince the public that whatever model they use for unconventional gas exploration is safe — safe for humans and safe for our food bowl.

That aside, the question to all of you is: have you started to do some mapping, or can you define areas where agriculture and food production and mining can coexist? Just assume at some point in time there is enough evidence to say that scientifically there is no harm in doing some form of unconventional gas exploration, have you started to look at areas within your municipalities where that might occur and where it could coexist without any potentially harmful effects? You know how you define quarry siting or wind farms or any other sort of infrastructure investment or exploration in your councils — —

The CHAIR — Forward land use planning, is that what you are saying?

Mr RAMSAY — Yes, basically, so defined areas where there could be coexistence if someone has proved — —

Mr TAMLIN — South Gippsland has not undertaken any work along that line for the simple fact that there is no evidence base that it would be safe to do so. The impact and the risks on our farming community would be considered too great to envisage that. I think the other problem you have there is that if we started to do that work and it became public, the people who own the land would become very vocal. Even trying to put a line on a map where a bypass might go and the impact on somebody's property creates all sorts of problems for a council so far as community engagement goes.

One would need to understand the regulatory framework, and I really support the comments that Sara made before about the opposing views of what a regulatory framework might look like. If you had that worked out, then the next step would be to say, 'How could that then be applied once we have confidence that the technology would be safe?'. But even before then, from South Gippsland's perspective there is no evidence that there is even anything there that is worth mining at the moment, so the whole discussion might not be valid for us specifically.

Cr HILL — Just on that, in South Gippsland nearly all the area is used for farming purposes of one sort or another. I do not think there is any defined area within South Gippsland where we could say, 'We can begin this industry over there. We can dig up stuff, go into the ground, and affect the neighbours' because the neighbours are all farmers anyway. I just do not think our shire is built like that.

The CHAIR — Any further questions?

Mr DALLA-RIVA — I have a follow-up question, because it is an issue I was concerned about in the early stages of getting broader information. We are all talking about fracking, coal seam gas, tight gas and shale gas, but we do not know that it exists, and that is the issue I am concerned about. We are going through this whole process now with the assumption that there is gas. All the gas may still be out in the ocean or wherever it is; I have no idea. If I knew where it was, I would buy the land — no, I would not; I said that with tongue in cheek. But the bottom line is that we have not received any evidence that would indicate where and if the gas exists, so this could all be for nought on the basis that there are just not adequate supplies for us to even consider going down the regulatory path, or with any other matter. Can I get some more — —

Ms RHODES-WARD — From a broader Gippsland perspective, Gippsland as a region has had a fairly unique history with a local company that has undertaken drilling predominantly in the Wellington area for a number of years. As a community it has some experience already on that journey — —

The CHAIR — And offshore.

Ms RHODES-WARD — Yes, more significantly offshore, but an onshore experience does exist for this particular community. Sometimes that will become the point of reference for what a future industry may feel and look like to some of those community members. It is not that it has no experience and that it comes into this proposition with no expectations or fears. I think probably some people do come into that space based on the

previous experience. Certainly in more recent years there has been a degree of seismic measuring that has occurred throughout some Gippsland areas, so people are familiar with the machinery and the equipment that is deployed in order to undertake those activities. It is not a community that comes into this space completely fresh and new; it has some experience there behind it, and so will often relate to the issue based on that.

Ms GRIEPSMA — About 12 months ago council undertook a feasibility study into the viability of coal seam gas mining in its area just to, I guess, put some more information in front of it so we could make a more informed decision. The conclusion around that, and it was looked at from very much an economic perspective, is that currently the market drivers are not in place, with the limited knowledge around the location and the requirements, to extract any potential coal seam gas, and unless there was a shift in the economic drivers the likelihood of further exploration is not high at this particular time. But the changes to the potential gas export market might be the driver that tips the balance into making it more viable for companies to come in and pursue coal seam gas mining or unconventional gas mining, whether it is tight shale or coal seam. Council did do some work in that space.

Ms HARTLAND — We have talked a lot about community and regulation. Do you think part of the problem is that communities see that across Victoria there is very poor regulation or very poor enforcement of regulation around a number of polluting industries, and they possibly feel, 'If it is not going well out there, how can we possibly expect it to go well here?'.

Ms RHODES-WARD — Certainly from the Latrobe City Council's experience it is a community that has come through a fairly difficult event — —

Ms HARTLAND — Terrible.

Ms RHODES-WARD — That is part of the background conversation for people in that space. I think there is probably a step before that, because there is a social responsibility for industries that want to establish themselves and essentially partner with community in the development of something. That responsibility requires meaningful, collaborative, cooperative engagement, transparency and a respectful relationship. I think when you do that you can then move into conversations around regulation, you can move into standards and you can move into accepted practice, but if you do not do those things to start with, you rob the community of feeling empowered, safe and respected in that space, and I think that is unfortunately the space that the community currently finds itself in.

The CHAIR — We will draw this session to a close at the moment. There are just two documents that have been mentioned that I think might be valuable for the committee. One is that Latrobe had some independent advice that you mentioned earlier, and also, Deirdre, a feasibility study which I think might be very useful for our secretariat if it is available. The secretariat may wish to come back to the municipalities to seek further advice. Thank you.

Witnesses withdrew.