



## Submittal - Parliamentary Inquiry into Unconventional Gas

Hi,

Especially in the context of coal, oil and gas, our political leaders in Australia, are all of the one persuasion, that Free Market Economics, deregulation and liberalisation of the private sector, along with smaller government, will produce “best” economic growth, always. Such infatuation has been worsening for 35 years now, still not producing a result and ever less likely to do so.

Why do our leaders feel the need to be encouraging wealthy wannabe cowboy types, so keen to take a punt on risky csg business? It could possibly make the cowboys even more wealthy but government subsidies, tax write offs, fast depreciation etc mean they’re punting with plenty of taxpayer’s money. So cowboys may inflate a big bubble, selling out to make big bucks, but, as usual, the rest of us will be poorer.

**-New csg looks non-viable, more liable, best to keep it in the ground.**

In Australia, all csg appears to be in rich farming country of Atherton Table Lands, Liverpool Plains and South Gippsland. Life expectancy for csg extractions is no more than a very few years, at best, especially compared with agriculture, which needs to be protected to be able to last forever.

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From personal experience, working in exploration drilling in Indonesia, the sealing of wells, to prevent contamination of aquifers is tricky. When drilling is finished, a complete “string” of steel pipe “casing” is lowered into the hole. Then calculated volume of cement is pumped down casing, followed by calculated volume of water, pumped down so that cement is displaced, up annular gap outside casing, so that it settles and seals to wall of well. A year or so ago, DEPI conducted a program off community consultations about csg, across Gippsland. Talking to EPA people, they confirmed that csg here is different, not needing deep drilling and fracking. It’s shallow, 100 to 400m, in brown coal territory, which even comes out of open cut at 70% moisture content. So drilling is easy, into compressed wetland texture material. Obviously, sealing of well(s), to prevent contamination of aquifers, is less than practical. Equally, attempts to contain fugitive emissions is futile. Further, large volumes of contaminated water need be removed from well(s), continuously, to reduce bottom hole pressure so that gas will bubble out of solution.

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When declaring opposition to csg, one useful starting point is cost of residential connections; from Ausnet web site, <http://tinyurl.com/ozo9pwt>

++in the last 5 years, AusNet Services has carried out works costing more than \$580m in operating, maintaining and extending its natural gas network to 92,000 new homes and businesses++

This amounts to \$5,800 per house, taxpayer wealth, donated by our leaders, effectively a “secret commission” to enterprise owned by Singaporean and Chinese sovereign wealth funds. More gas might have made sense a few decades ago but no sense at all now. Why duplicate energy supply with gas when electricity is more competitive, appliances more efficient and ever more carbon free as renewables ramp up?

Also, according to rules of transparent accounting(per Stiglitz, previously head of World Bank), when assets, like coal, oil and gas, are realised, if price paid by the extraction company is less than “fair market”, the difference between concession and market price needs to be deducted from GDP. When are we going to see such reduction in GDP?

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An even crazier story from Cattle Council of Australia:

++So how would you stand if residue testing finds contaminants in your beef? Who’s liable, mining company or you? To find an answer..MLA funded a project, for Cattle Council of Australia and lot feeders Australia,... completed in March 2013. MLA engaged legal firm to provide advice on who would be liable for any contaminants being found in cattle and, of course, liabilities of producers when completing an NVD. ..However legal firm contracted, funded by MLA producers’ money, upon completion the report, stated that it should not be released.++

Inevitably, each cattle owner will be primary target for liability. To transfer or share liability, means need to do battle with csg cowboys, who could be remote by quite a few km and more than likely to be long gone, even out of business.

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Track record with csg is hat it’s always an a accident waiting to happen. Australia was late getting started which means establishment costs are higher than elsewhere in the world. Until recently, world market price has been increasing, so looking viable. Now USA is said to have abundant shale gas, for export, which means world price is now collapsing.

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Up to and including ABC 4 Corners has broadcast docos from USA, revealing that much of csg exploration has produced Ponzi scheme type racket, when it comes to production drilling. Problem is that wells in many fields are proving to be depleted in as little as 12 to 24 months. Obviously, it's expensive to deliver on longer term contracts when supply is failing. Even more obviously, there's no money to match contract expectations about rehabilitation.

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From award winning doco "Years of Living Dangerously" on SBS, in USA, EPA has some teeth, unlike here, but dissatisfied with advice that csg fields were complying with regulations for 2 to 3% fugitive emissions, private individuals performed survey, with gas detector above a car. Results were so bad that a private aircraft pilot was volunteered for similar survey over much broader area. Fugitives were found to be more than 10%. Considering methane is much worse greenhouse gas than CO<sub>2</sub>, this negates claim that gas is 50% cleaner than coal.

- Victoria needs a permanent ban on all unconventional gas.
- Protecting Victoria from fracking and other unconventional gas will protect existing jobs, especially in agriculture and tourism.
- There's no way that the risks to farming land and our water resources can be safely managed. We saw from the Hazelwood mine fire that regulatory systems can fail, and that failure can lead to environmental and public health disasters. It's just not worth the risk.
- According to the Australian Energy Market Operator, there is no gas shortage in Victoria or anywhere else in Australia, so there is no need to risk the health of crucial farmland just to extract gas that we don't need.
- Victoria needs to transition rapidly to zero net emissions. There is growing evidence of fugitive emissions (ie. leaking) from unconventional gas processes, showing that gas is not as clean as once thought, and there is no time for fossil fuels that are just less dirty. Gas therefore has no place in Victoria's future energy mix. If Victoria is to be considered a leader on climate change, the government cannot allow a new gas industry to be established.
- No amount of Victorian gas production will reduce the prices that consumers have to pay. Gas prices have increased because LNG exports from the east coast have linked us to international markets where prices are higher. A Victorian gas industry will not save consumers money. The best solution for consumers to reduce gas bills is through energy efficiency initiatives.

Living on Phillip Island, we're especially sensitive to whims of tourists who obviously are interested in environmental attractions elsewhere in South Gippsland, as well as on the Island. Please don't risk sacrificing so much infinite life expectancy agriculture, as well as tourism, sports and R&R business, just to pander to a few cowboys, punting for big bucks on business venture which can only be flash in the pan few years at best.

Investment in csg will surely lead to stranded assets, closed down, long before expected ROI(Return on Investment). World finance industry is very much aware of risk with fossil fuels. If we waste finance on csg, which is then abandoned, it will damage our credit rating when we need more finance to replace with zero carbon renewable electricity. Victoria has bid dependence on brown coal power but it cannot last when power stations are approaching, if not exceeding, their 50 year birthday, older than FJ Holden and W Class Tram. How shoddy is it that Energy White Paper by Minister Macfarlane reminds us that our power stations are so old yet:

+++The largest proportion of our power is generated by coal-fired power stations, with around three quarters of these plants operating beyond their original design life. Some will require either costly refurbishment investment or decommissioning over the coming two decades (CPCU 2014) but AEMO estimates that new generation capacity is not needed before 2023–24. +++

Looking forward to hearing from you,



BERNIE McCOMB.