

Environment and Planning Committee – Parliamentary Inquiry

Thank you for the opportunity to make this submission to the Inquiry.

We have raised issues relevant to the Committee’s terms of reference locally, with the local water authorities and with State and Federal Government politicians and Ministers for more than 15 years.

We have attached a small sample of our correspondences and other information to provide the Committee with some further details about our ongoing concerns.

We hope the committee can find solutions to the matters we raise and request further scientific studies are undertaken and published to inform decisions

In brief

Our main concerns are related to water, but we also raise broader issues of social equity and maintaining productive farms (agriculture versus oil):

- Offshore gas fields in Bass Strait extract water, oil and gas from the Latrobe Aquifer.
- Latrobe Aquifer is connected to and extends under parts of (onshore) Gippsland.
- Latrobe Aquifer is in decline, water is being mined in an unsustainable way, mainly due to offshore oil and gas extraction.
- Companies operating offshore are the biggest user of water from the Latrobe Aquifer but are not required to hold a water licence.
- There is a Regulation Gap between federally governed waters and state government problems caused by offshore activity.
- There are no compensation arrangements in place for affected Victorian water users/legitimate water licence holders.
- Farming and agricultural productivity has been directly impacted as a result
- Uncertain water supply affects land values.
- Affected farmers have suffered financial and emotional stress because of the uncertainty and impacts, which remain unresolved.
- Big profits and royalties are put ahead of individuals and small water users
- What about proper published science and/or fair compensation?
- Water Security = Food Security.
- From our experience, we see no obvious or long term benefits of an onshore gas industry for local communities and food producers (only adverse impacts).

The problem and its relevance to the Inquiry

First of all we suggest that it is a nonsense to restrict the inquiry to “unconventional” gas when in fact it is conventional gas extraction that has caused so many issues already, and it is conventional gas, which has locked in more detrimental impacts into the future.

Offshore conventional gas extraction in Bass Strait is relevant to the inquiry’s consideration due to the connectivity of the Latrobe aquifer to onshore Gippsland.

There is a significant problem resulting from oil and gas extraction impacting on some landholders and farms in Gippsland. Water resources in the Latrobe aquifer are being damaged and drained by existing oil and gas extraction offshore.

Our problem dates back well before the recent interest about a potential onshore gas industry received prominence in the media.

Background to our bore – situation declining water table

Our groundwater bore near Bairnsdale (see Map 1), was drilled in February/March 1973 and is around 1100 feet, or 335 metres below surface.

The bore was once a free flowing artesian bore drawing from the Latrobe Aquifer. Over time we have faced a serious threat to supply due to the impacts of unsustainable water use and depressurization, largely due to oil and gas extraction in Bass Strait offshore.

The offshore oil and gas fields in Bass Strait are connected to our bore in East Gippsland via the Latrobe aquifer.

We have observed the water level is dropping at least one metre per year in our bore.

At some time in the near future we will need to take further action to maintain supply – either re drilling a bore or placing a different pump system.

We will lose supply as water falls below the submerged pump. Diagnosing and then fixing the problem will take some time and considerable expense. We may need to replace the current pump to a narrower pump that can be placed into the deeper, narrower section of our bore. We may need to drill another bore.

If the costs are prohibitive – we will be out of water. That means loss of production, stranded assets and devalued property.

Unless we can maintain water supply to our property, our land value will fall overnight. An irrigated property turns to a dry land farm and infrastructure is written off as a stranded asset. We would also lose access to the stock water supplied from the aquifer.

We have battled the issue for years and have had to spend considerable funds to maintain supply to our property.

At times we have lost water supply completely and have needed to invest in new pumps and take other remedial action. At times we have needed to use town domestic water to supply water for stock, have ceased irrigation altogether due to low pressure, no water or increasing pumping costs.

We completely lost supply in early 2000's and needed to invest in a deeper and submersible pump.

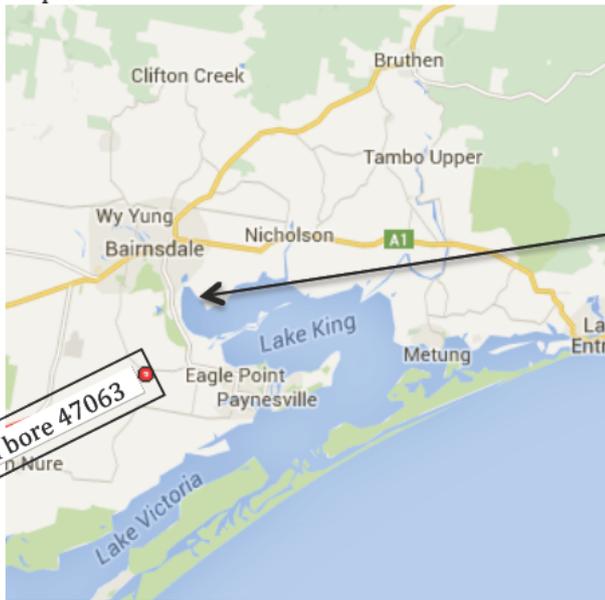
The impact has already cost us well over \$100, 000 in various remediation and pumping costs. We received a one off partial compensation/reimbursement payment from Governments in 2008, but the problem is ongoing.

Our observations are consistent with CSIRO findings that the Latrobe Aquifer in Gippsland is subsiding 1-1.5 m a year.

“widespread changes in (Latrobe) aquifer pressures and water levels, both in magnitude and pattern are clearly associated in some large but geographically variable degree with offshore oil and gas extraction.”

CSIRO, 2004. Reference: Falling Water Levels in Latrobe Aquifer, Gippsland Basin: Determination of Cause and Recommendations for Future Work. (CSIRO, 2004)

Map 1:



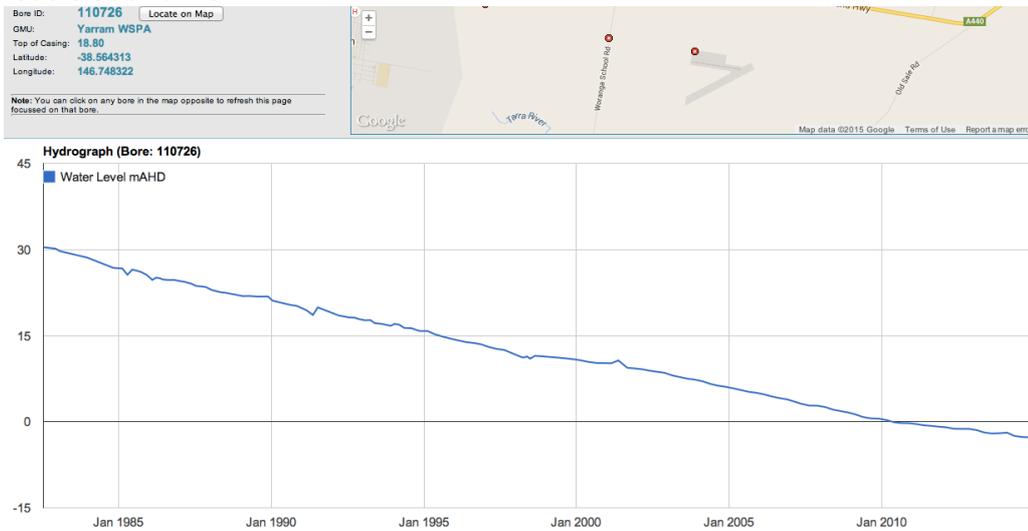
- Approximate location of our bore
- Depth 1100 feet (335 metres) below surface
 - Was free flowing
 - Water level now well below surface
 - Dropping around 1 metre/year or more
 - Pump submerged at depth of around 80 feet
 - We will run out of water again soon

This chart shows declining water levels in a southern rural water observation bore (red dot on map above) not far from our bore (arrow)



Observation Bore Forge Creek http://www.srw.com.au/SRW_SOBN/BoreChart.aspx?bore=47063 10/7/2015

Other irrigators and farmers, such as “the Yarram irrigators”, have experienced similar impacts. This chart from an observation bore near Yarram also shows the declining water levels over time:



(Another observation Bore Near Yarram: http://www.srw.com.au/SRW_SOBN/BoreChart.aspx?bore=110726 10/7/2015)

Also see the attached reference to the Yarram irrigators in Senate Question Without Notice (2008).

The off shore oil and gas industry is already the biggest user of water from the Latrobe Aquifer but does not hold a water licence for that use

Often quoted figures from over 10 years ago, estimated that more than 100,000 ML per year is extracted from the Latrobe Aquifer system from offshore oil and gas wells.

The figure may by now be more – but the information is not publicly available and may not even be measured? Over time toward the end of the life of the conventional oil and gas wells, even more water can be pumped relative to gas and oil. This fact does not appear to be widely known but it needs to be part of any decision.

Companies operating offshore are not licenced to take this water.

The Latrobe valley coal mines are the next biggest user.

There are other farmers, also connected to the Latrobe Aquifer who have experienced the same problems that we have. Though the total water use of farms from the Latrobe Aquifer is relatively small. There has been a moratorium in place for Victorians to access new water licences from the Latrobe Aquifer for some years now (because of the unsustainable use and decline). Those that have the water licences face significant uncertainty and costs.

Other Victorians are missing out on access to new water entitlements from Latrobe aquifer due to unlicensed, unaccounted for water loss in oil and gas operations offshore.

It is not clear who is responsible for the impact, in particular who will pay the costs of maintaining supply or compensation for impacted water users.

The companies? The Australian Government? State Government?

Because the oil and gas well are offshore and located in Commonwealth managed waters, and we are onshore in Victoria, there is a regulatory gap that has left us without any clear rights for compensation or protection or rehabilitation.

The operations are occurring in Commonwealth waters offshore Victoria. The Commonwealth Government was responsible for issuing the rights for companies offshore to extract oil and gas.

The Commonwealth Government allowed this to occur without understanding the impacts on connected onshore water users.

This is not a simple issue and we can understand how licences to extract resources were approved (many over 50 years ago) when the potential to impact onshore water users may not have been understood.

But now we know there is an impact – who is taking responsibility?

The big corporations have and continue to earn \$billions of profit from the operations and the Australian Government has earned \$billions in royalties and licence fees.

Yet no-one has taken ongoing responsibility for the impacts or put in place a system that gives the individual landowner confidence they will be able to maintain a reliable water supply.

In 2008 the Federal and State Governments acknowledged the problem and reimbursed some costs. But what happens next time we lose supply?

Unfortunately the Governments' efforts to either fix or compensate have so far been temporary – a bandaid - not a long term solution.

Data needs to be detailed, and must be specific to particular aquifers and depths to understand how individuals will be potentially impacted.

Groundwater is not a simple or well understood issue. Different water users will be affected in different ways – depending on the science of how the complex underground systems are connected at different depths and distances.

Not all water users in Gippsland tap into the Latrobe aquifer and not all Gippsland water users are currently experiencing the offshore impact.

Hence it is a distortion to average the impact we are experiencing across a large number of users.

Our farming operations and investment choices have been impacted

We have forgone making further investment in irrigation upgrades as we remain concerned about the supply security and expect the bore will suck dry again as the water table continues to fall.

Our higher pressure irrigator was rendered useless years ago. Our replacement irrigator is now in need of replacement – but the risk of losing supply is too high for us to invest in an upgraded water efficient system. We have also foregone the opportunity to access government grants for water efficient infrastructure.

The issue has and continues to cause significant emotional and financial stress and uncertainty for us and other water users connected to the offshore system in the region.

There is no capacity to access any more resources from this aquifer (onshore or offshore). The lack of resolution to this matter undermines the credibility of Governments and companies to manage an industry in a way that ensures existing landholders and water users rights and legitimate farming operations are protected.

We have felt without any kind of power or financial means to take up the issue with the oil and gas companies that have been allowed to reap the resource for huge profits without any requirement to compensate or even formally acknowledge the impacts.

We keep in touch with Southern Rural Water on our problem and have written to politicians and agencies over a long period of time.

Water Security = Food security

We request the committee considers the following questions?

How can we have an environmentally safe and predictable onshore gas industry that the community can be confident in when we already have this problem of unsustainable water use that no one has taken responsibility for let alone fairly and reasonably?

How can a new gas industry be contemplated when there are existing water and environmental problems, that are not being dealt with adequately?

How can landholders and communities be confident that Governments and companies will actually protect their access to water and land and the local amenity.

Who is responsible for compensating impacts of existing offshore oil and gas operations that are impacting on current water users in Victoria? The Federal Government who receive the Royalties, the corporates who earn the profits, or both?

How will offshore wells be remediated to ensure the depressurisation and water loss from oil and gas operations are addressed.

What else can the committee do?

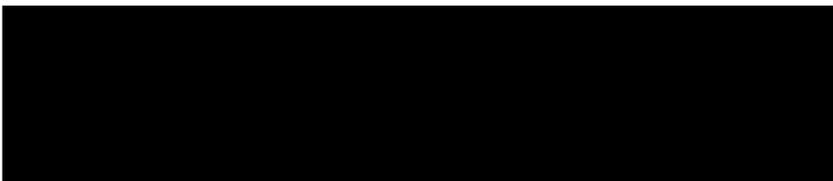
- Note that the base line situation is that the Latrobe aquifer is already in decline and water is being mined in an unsustainable way due to offshore oil and gas extraction.

- Ensure robust science is applied to avoid damaging impacts to licenced users of water.
- Ensure there is public access to more information and specific science and information, including on water levels, pressure and flows and forecast levels.
- Fix existing impacts from oil and gas extraction before any new industry (and further potential impacts) is considered.
- If this is not possible, how will affected Victorian farmers and water licence holders be compensated?
- The science needs to be detailed and comprehensive to understand there are connectivities occurring across connected sources.
- The Regulatory Gap between jurisdictions is no excuse and needs to be addressed.
- Miners must be licenced water users just like any other water users.
- Ensure a proper compensation scheme is in place if there are impacts
- There should be a comprehensive cost benefit analysis undertaken – which takes into accounts all costs to communities, individuals, the environment and water impacts.

Finally, we have seen no evidence of benefits to local communities that outweigh the significant costs of an onshore gas industry.

We question if we really need this industry in Gippsland? We are blessed with environmental and a highly productive agricultural assets.

We hope you can appreciate that this is a daunting issue to tackle for individual landholders – we are up against the forces and interests of multinational corporations (with \$billions in profit to protect), Federal Government (\$billions in royalty revenue to protect) and now the State Government (potential for new royalty revenue to generate).



Gloria and Robert Foard

Our goal is to maintain a reliable and sustainable water supply and plan for the future operations of the farm as a sustainable agricultural enterprise.

Unless the decline in the water table is fixed, in order to achieve this goal we need compensation to cover the costs of restoring and maintaining our supply.

Sources:

Sample of private correspondence (attached) and over 40 years of personal experience

Parliamentary Inquiry (Senate)

2008 Hansard Question without Notice (Senate) (attached)

(CSIRO, 2004) Falling Water Levels in Latrobe Aquifer, Gippsland Basin: Determination of Cause and Recommendations for Future Work.

Question Without Notice

Thursday, 14 February 2008 THE SENATE 404

Date Thursday, 14 February 2008 **Page** 404

Questioner Fielding, Sen Steve **Speaker**

QUESTION

Source Senate **Proof** No

Responder Wong, Sen Penny **Question No.**

Latrobe Aquifer

Senator FIELDING (Victoria—Leader of the Family First Party) (2.30 pm)—My question is to the Minister for Climate Change and Water, Senator Wong. Minister, Family First is very concerned that the Gippsland farmers are disadvantaged by falling water levels in the Latrobe aquifer, mainly due to offshore oil drilling and nearby coalmining. The farmers have been pinning all their hopes on a report commissioned by the federal government to calculate a figure for compensation. Individual farmers have spent as much as \$150,000 each in lowering their bores to survive and have been waiting for more than 10 years for action from the previous government. Minister, this report was promised for release by June last year. When will this report be finalised and when will the government compensate farmers for their losses?

Senator WONG (South Australia—Minister for Climate Change and Water)—I thank Senator Fielding for this question. I was aware that he has been interested in this issue, and obviously there is some media commentary about his concerns about these issues. I have also had a discussion with Senator Fielding in which he raised these concerns with me.

I am advised that irrigators in the Gippsland region of Yarram are concerned about falling levels in the Latrobe aquifer. I am also advised that the CSIRO 2004 study into the aquifer's falling water levels indicated that offshore oil and gas drilling and, to a minor extent, open-cut mining and irrigation practices have contributed to the lowering of the watertable. The government, together with the Victorian government, is funding further research into the falling groundwater

levels in the Latrobe aquifer. This research will include a report on the socioeconomic impact on Yarram irrigators and the provision of information on assistance measures to address the impact on these irrigators. I am further advised that a report is due to be completed by the end of March this year. Senator Fielding referred to a commitment that the report be released in June last year and, for the completeness of the record, I indicate that that was a commitment by the previous government. I am also advised by my department that there is a local stakeholder group providing input into this study. In relation to the compensation issue raised by Senator Fielding, the government will reserve judgement on the issue of compensation until the study is complete.

Senator FIELDING (Victoria)—Mr President, I ask a supplementary question. Minister, the key here is that farmers are concerned about the long-term viability of their farms if the Latrobe aquifer water levels keep falling. These farms are their livelihoods and their homes, and the community relies on them. Minister, will the government commit to fixing the problem of falling water levels in the Latrobe aquifer, given that the farmers feel they have no voice against the interests of the big oil and coal companies?

Senator WONG (South Australia—Minister for Climate Change and Water)—As I indicated to Senator Fielding, there is a study underway. There is also, I am advised, a local stakeholder group providing input to this study. I do understand that there are sections of the community, particularly the irrigation industry, who are very concerned about this issue. As I said, we will consider the issue of compensation after we have received the report. As I previously indicated, the advice I have to date is that the study will be completed in March this year.

CHAMBER