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**From:** susan pryde [REDACTED]  
**Sent:** Wednesday, 8 July 2015 10:05 PM  
**To:** EPC  
**Subject:** Submission to Victorian Government inquiry into UCG  
**Attachments:** Submission by KONGWAK COMMUNITY GROUP to the Victorian Parliamentary Inquiry into UCG.docx

On behalf of the KONGWAK Community Group , please find attached our submission to the UCG Inquiry,  
Kindly acknowledge receipt of this submission,  
regards, Susan Pryde

[REDACTED]

## Submission by KONGWAK COMMUNITY GROUP to the Victorian Parliamentary Inquiry into UCG

8 July 2015

### Introduction

This submission is made on behalf of the Kongwak Community Group (the KCG). Kongwak is a small hamlet in South Gippsland, nestled amid rolling hills lush pastures and beautiful woodland and bush. Our community is made up of farmers, small landholders and a Kongwak residents.

We in the KCG meet monthly to ensure our community interests are served, to act as a voice of the local community to improve our small Kongwak community and ensure it is preserved and adequately serviced.

There is a strong and overwhelming view in our community that UCG and fracking is potentially highly dangerous and could out the future viability of our agriculture and health at risk. At best the CSG technology and process is disputed in its benign nature and there is ever growing evidence (including peer reviewed) that there are a range of problems, which may be insurmountable given the nature of the technologies and the chemical involved in the process.

It is widely accepted that the precautionary principle should be applied in assessing any technology and industrial processes, particularly where there is a growing body of documented multiple negative consequences.

Applying best practice business and economic development principles, underlain by risk management, implies that you don't put at risk the core business for what is at best in the long run a marginal additional return. Our core business is dairying, beef and increasingly horticulture.

Governments and new businesses, whatever the legislation, require a social licence to operate. With nine communities In South Gippsland having declared themselves CSG free. There is widespread angst and indeed fear in the community about the risks and reward equation. In an era of growing cynicism generally about politics, the general view is that short term expediency and the lure of the dollar will checkmate sensible policy. People in the community that support UCG and fracking are few and far between given our role as food bowl and the fact that we are a prime climate secure district.

UCG has been argued to be the way to guarantee gas supplies to households and industry in Victoria. The reality is that the eastern seaboard price for gas will not be reduced because of CSG, as our price will be driven by the market dynamics in Asia. The argument put forward is shallow and fallacious.

We have a choice between a known reliable and climate secure income and exports from Southern Gippsland valued at over \$1b dollars. Against this we have at best a limited much smaller short term benefits for at best 10-20 years. The bet is that this will be additional income and won't affect farming tourism or people's amenity and wellbeing. There is ample evidence to suggest that this is a highly risky and contestable bet, which more than likely, giving the growing evidence has very long odds and major downside.

We believe that CSG is a dangerous technology fraught with difficulties and unknowns and that give the prime importance of agriculture to our economy should be excluded from any CSG mining southern Gippsland.

## Terms of Reference:

### **(1) the prospectivity of Victoria's geology for commercial sources of onshore unconventional gas;**

Our region of South Gippsland is a rich farming and food production area, as well as providing a quality lifestyle and recreation on Melbourne's doorstep. Its abundance of water, grass, sun and sea positions it better as a showcase for high quality produce (vegetable, dairy, beef and wine) and physical beauty. South Gippsland's agricultural industry is valued at over \$700 million (now closer to \$1billion), and has a growing reputation for clean, sustainable produce.

While some areas of South Gippsland may hold the potential for UCG, the fact remains that this potential is presently unknown. Currently a seismic survey is being conducted in our local area but the results of this survey are unlikely to be available for a further 12 months. We are aware of the vast body of scientific and empirical evidence demonstrating the fact that UCG poses serious risks to the environment and is inherently dangerous to people and their communities. Methane gas release, chemical leakage into waterways, and deep destruction of landscape have all been directly linked to CSG extraction.

We do not consider that our soils, water environment, nor the rich potential for farming and a clean food future should be put at risk for what might be short term gains and limited returns from UCG.

### **(2) the environmental, land productivity and public health risks, risk mitigations and residual risks of onshore unconventional gas activities;**

#### **Risks to waterways**

South Gippsland is a relatively high rainfall area and our soils and farms rely on local waterways, springs and groundwater sources for its high productivity. There are a number of risks associated with CSG extraction and have been well documented.<sup>1</sup> They include the likely drawdown of aquifers, depressurisation of aquifers, risk of groundwater contamination, risk of subsidence of the surface, and salt being brought to the surface.

Waterway contamination is a real risk through injection of chemicals through the fracking process, chemicals that naturally exist in coal seams being exposed to other parts of the environment. Methane contamination is a serious risk. Large quantities of water from aquifers or coal seams are removed in the mining process and the long term effects of this are currently unknown.

Contamination of water has been linked to CSG both here and in the United States.

#### **Salt and Methane**

A 2011 study in the Queensland Murray-Darling basin projected that the amounts of additional salt brought to the surface by CSG wastewater were of similar quantity to all combined salts added from conventional groundwater irrigation and natural sources. If all this salt was allowed into waterways, it would effectively double the amount of salt entering the landscape.<sup>2</sup> In addition, the potent greenhouse gas, Methane (20 to 30 % more powerful than CO<sub>2</sub>) is released from the flowback water that returns to the surface, and also released directly from leaky wells,

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<sup>1</sup>Dr Peter Stone, Deputy Chief of CSIRO Ecosystem Sciences and Director of the Gas Industry Social Environmental Research Alliance, speaks to SBS about the known effects of coal seam gas on human health and the environment.

Source: SBS

16 APR 2012 - 8:12 PM UPDATED 27 FEB 2015 - 2:01 AM

<sup>2</sup> Biggs, 2011. Australia Hydrogeology Journal 05/2011; 19(3):719-726.

## Social risks

A number of social risks are inherent in CSG industry where communities are resistant and “locking their gates”. Exploration on a single farm can spread for kilometres under adjoining properties, affecting other landowners with no real avenue for protest. CSG exploration in Seaspray was accelerated by the purchase of property by a mining magnate with vast financial resources and vested CSG interest. Land values of adjoining properties can dramatically fall in the context of unsightly ponds, wells, trucking, piping, and general destruction of landscape. Mining law creates a dangerous David and Goliath legal situation if exploration is granted, but extraction subsequently resisted by the landowners. Ignoring communities when they designate themselves to be coal and gasfield-free results in bitterness and disillusionment with government representation.

### (3) the coexistence of onshore unconventional gas activities with existing land and water uses, including —

As referred to above, we have an agricultural industry in South Gippsland valued at between \$700million and \$1billion and this figure is likely to increase dramatically. The area is a valuable food bowl and international interest is already being shown in our clean, green produce.

Our farms and agricultural holdings average around 100hectares and so farming in this area is relatively intense. Productive land for farming is a diminishing resource and we are keen to protect the resources we have. Exploration and mining activity requires significant infrastructure for gas wells (all weather access roads, cleared well pads, compression stations, and evaporation dams) and would make the day to day running of our farms unviable. We do not consider exploration and mining can coexist with the small scale intensive farming practiced in this region.

#### **The legal rights of property owners and the impact on property values;**

While Kongwak was declared 97.6% CSG free following a community survey conducted in April and May 2014, we represent one of nine communities in Gippsland who have declared themselves CSG fee. We are only a small rural community, but over 600 signatures were obtained in support of the “Lock the Gate” movement. Our community has added its voice to countless other rural communities in Gippsland. We are unreservedly opposed to CSG and all other forms of UCG, to the extent that we will not consent to any mining or exploration on our private properties.

Our community has spoken and has stated unequivocally that mining and exploration do not have a social license to operate in our locale.

Unfortunately the law provides limited protection to our landowners. The *Mineral Resources (Sustainable Development) Act 1990 (Vic) (MRSD Act)* is skewed in favour of mining interests. And even if consent to enter our landholdings is denied, mining interests can seek access to our land via VCAT. The Environment Defenders Office has prepared a detailed report of the flaws within the current law and we refer to and support that report in its entirety.<sup>3</sup>

Given the legal position as set out above, local property owners are justified in their concerns, which allow mining interests to override the unequivocal wishes of property owners and indeed, local communities. Landowners should be given adequate notice of any intention to make application for an exploratory or mining licence so they can adequately prepare objections and challenges. The current system is patently inadequate to deal with

<sup>3</sup> EDO report, Reforming Mining Law in Victoria, April 2012

private landowner concerns as has been recently demonstrated in neighbouring Mirboo North where community objections were ignored and local residents and landholders were not given adequate notice of the pending application for an exploration licence and decision.

### Land values

From a landholder's perspective, the indirect effect of allowing mining interests to usurp our prime agricultural land will inevitably mean a massive diminution in land values. Who would want to live near a mining site? More importantly, any farming activity would be severely compromised by the devastating effects of fracking and UCG on groundwater and soil. The exposure to salt, toxins and decontaminated water can mean an end to agriculture in what has been described as the future food bowl of Victoria.<sup>4</sup>

### Any implications for local and regional development, investment and jobs;

For South Gippsland, UCG has the potential to affect sectors which are valued at \$1.3b or 49% of the economy, and employ 4,472 people or 47% of all jobs. Agriculture, food manufacturing, tourism and housing construction could be badly affected. Agriculture & food manufacturing can be affected by adverse impacts on land, water, livestock and brand reputation. Industrialising our landscape would significantly detract from our growing tourism industry. Our housing and construction industry is driven by the 60% all housing being built as second lifestyle homes with 60% of the being in smaller towns and rural areas. This market would be seriously affected by adverse publicity and industrialising landscapes.<sup>5</sup>

South Gippsland Shire Sectors of Economy Potentially Affected by CSG			
Sector of economy	GDP \$m's	Employees	% of Economy
Construction.	132	312	5%
Agriculture.	460	2490	17%
Tourism.	250	1900	9%
Food Manufacturing.	476	770	18%
Total.	1318	4472	100%
Percentage.	49%.	47%	

Source Remplan and Urban Enterprise Report 2010

According to Councillor McEwan, "we are playing a potential 'game of dice', gambling on unproven marginal potential benefits of CSG against significant risk of permanent losses to production, housing and construction and tourism. A 10% impact would lose \$131m and 447 jobs. The danger is with health, an industrialised landscape and permanent damage that could occur to aquifers, soil and water quality along with reputational brand damage to tourism and for food from South Gippsland"<sup>6</sup>.

### (4) the ability of potential onshore unconventional gas resources contributing to the State's overall energy sources including —

<sup>4</sup><http://www.stockandland.com.au/news/agriculture/agribusiness/general-news/positive-spin-to-climate-change/2728566.aspx> and <http://www.theaustralian.com.au/business/in-depth/australia-the-clean-green-food-bowl-of-asia/story-fni2wt8c-1226623265405>

<sup>5</sup> Cr Andrew McLaren, South Gippsland Councillor, Draft Notice of Motion, CSG and Fracking in South Gippsland

<sup>6</sup> ibid

Unconventional Gas is a fossil fuel. By definition, unconventional gases are harder to extract than conventional gas. We are not in a position to comment on this term of reference but consider the future is in renewable energy, not fossil fuels. We do not believe that UCG offers an economic benefits to Victorian consumers as an affordable alternative. The price of extraction and the cost to our communities are far too high.

- (5) the resource knowledge requirements and policy and regulatory safeguards that would be necessary to enable exploration and development of onshore unconventional gas resources, including —**
- (a) further scientific work to inform the effective regulation of an onshore unconventional gas industry, including the role of industry and government, particularly in relation to rigorous monitoring and enforcement, and the effectiveness of impact mitigation responses; and**
- (b) performance standards for managing environmental and health risks, including water quality, air quality, chemical use, waste disposal, land contamination and geotechnical stability**

There is a growing body of evidence which demonstrates the UCG industry (regardless of regulation) has failed to be proven safe elsewhere. We are not sufficiently experienced to comment on the stringent scientific work which must be conducted to ensure this UCG industry is properly regulated and controlled. We only know, from recent experience in the Latrobe Valley, that when environmental disasters occur, as occurred at the Morwell coal mine, our government agencies proved ineffective and inadequate in their response and as a result, a significant number of people suffered health risks. The industry has had a long time to prove that its practices are safe and yet have been unable to do so. UCG mining and exploration, however much it can reduce its risks by regulation, will always pose a risk and where our environment and the health of our community is concerned any risk is too great. We wholeheartedly support the EDO report on mining reform and its recommendations<sup>7</sup>. The report has been referred to earlier and should be given due consideration.

Victoria only needs to look at the problems caused by UCG in Queensland and NSW to indicate a cautious approach must be taken to UCG in this state. While the Victorian Farmers Federation recently voted in support of a five year moratorium on exploration and extraction of onshore gas in Victoria<sup>8</sup>, we consider the moratorium should be more extensive. We support the recommendation of the EDO that until the risks are fully investigated and the regulatory regime amended, the moratorium should continue. We must protect the land for future generations and forgo short term gains to exploitative industries that carry significant environmental risks. The future is in renewables and we act to our peril if we continue our reliance on fossil fuels.

<sup>7</sup>[https://envirojustice.org.au/downloads/files/EDO\\_Reforming-Mining-Law-in-Victoria.pdf](https://envirojustice.org.au/downloads/files/EDO_Reforming-Mining-Law-in-Victoria.pdf)

<sup>8</sup> Press Release 28 June 2015

**Re Victorian Farmers Federation Annual Conference held at Bendigo Friday 26 June 2015**

The VFF annual conference has passed 2 important resolutions reflecting concerns from their membership base about the onshore gas industry.

1. That the VFF recognises that there is increasing evidence of negative impacts on agriculture and water supplies from unconventional onshore gas mining exploration and extraction in both Australia and around the world.
2. The VFF supports a five year moratorium on exploration and extraction of onshore gas in Victoria.