

Keir Delaney,
Secretary,
Environment & Planning Committee Parliament House,
Spring Street, Melbourne VIC 3002

Inquiry into Unconventional Gas in Victoria

Voices of the Valley welcomes the opportunity to provide a submission to the Victorian government's Inquiry into unconventional gas (UCG).

Voices of the Valley Inc. Statement of Purpose

- Protect and inform the Latrobe Valley Community
- Tap into the ideas of the community.
- To advocate for resources on behalf of the Latrobe Valley Community
- To identify risks and needs and funding required to meet these
- To advocate on behalf of the health and well-being needs of the Latrobe Valley community
- To collect, retain and disseminate data of relevance to the health and well-being of the Latrobe Valley community
- To establish and maintain networks with community groups and members, government bodies and others.

We would like to make it clear that we do not support UCG drilling.

We believe there is a compelling case to place an outright and permanent ban on all onshore unconventional gas drilling in Victoria.

This inquiry offers us our best chance to stop this industry before it gets established. Based on the experience of farmers and communities in other parts of the world, where the industry has become established, we do not believe that this industry can co-exist safely with other land uses like farming, conservation, and tourism.

There are many reasons to oppose this industry: The Victorian economy is heavily reliant on agriculture and food processing. Gas drilling will industrialise the landscape, and impact on rural land dwellers and people in adjacent areas. UCG is a fossil fuel which will further entrench our current reliance on coal and gas as energy sources. It is energy intensive to produce, and so is unlikely to be able to reduce the costs of energy prices for consumers.

We have lived with the consequences of the fossil fuel industry and have experienced when things go wrong. The Hazelwood fire greatly impacted on the communities of the Latrobe Valley and the public health impacts can be expected to continue for many years. Apart from the physical cost of ill-health, there are the mental and emotional impacts. There have been massive burdens placed on medical and support services. People were forced from their homes, and the local economy suffered.

And now the company that manages the mine is refusing to pay the bill for fighting the fire.

We have seen and lived, first hand, the impacts of the fire. Industry did not expect a fire of that scale. It could be the same with the unconventional gas industry. Companies assure the community that the technology is safe and the industry will be well regulated, so nothing can go wrong. But in the real world, accidents do happen, and the consequences for communities can be devastating.

In the case of unconventional gas, a severe contamination incident could pollute large sections of an aquifer. Farming in Gippsland is dependent on access to safe ground water. Farming and food processing are significant employers in our region. Why would we risk all this for the sake of some short term drilling?

- In the Hazelwood Mine Fire Inquiry Report for future proposals, warranting serious consideration was the proposal to: “Create a Health Conservation Zone in the Latrobe Valley. The purpose is to improve significantly the health of the Latrobe Valley community by coordinating and integrating health services with responses which tackle the broader social and environmental determinants of health”.

We believe that the acceptance of UCG in Latrobe Valley would not by any way lead to a health Conservation Zone as suggested.

There is no apparent benefit to communities actually living with fracking. The benefits are all elsewhere. There is no evidence that UCG would make life better for communities where it takes place, and plenty that it would make life worse.

We urge you to recommend that Victoria ban all unconventional gas drilling permanently.

COMMENTS ON THE TERMS OF REFERENCE

- (1) the prospectively of Victoria’s geology for commercial sources of onshore unconventional gas;

No one really knows if the industry will be viable. A range of companies have been searching for commercial quantities of unconventional gas for several decades. Despite all this work, there was no commercial production in Victoria prior to the moratorium being announced. Given this fact that it is quite likely that the resource will prove to be only marginally viable. As a result, return to the state via royalties can be expected to be negligible, especially when considered against the possible negative impacts on agricultural production.

The areas of the state that are most likely to contain UCG resources are south of the great dividing Range. These areas, stretching from the South Australian border to Bairnsdale, includes much of our best grazing and dairy country, and a considerable portion of our fruit and vegetable production. Much of Gippsland is under exploration licence, including areas around our community.

Why would we consider putting some of our best farmland at risk by allowing this industry to proceed for only minimal royalty returns to the state?

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

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

- (a) agricultural production and domestic and export market requirements;
- (b) the legal rights of property owners and the impact on property values; and
- (c) any implications for local and regional development, investment and jobs;

A key concern for many is the likely impacts of an UCG industry on farming.

Agriculture is a cornerstone of Victoria's economy, generating around \$11 billion a year.

When the current exploration licenses for UCG are considered, it is clear that large sections of highly significant farmland is being considered for gas production.

Groundwater plays a vital role in sustaining agriculture in Victoria, and hence our economy and lifestyle. Mining coal and gas is a very water intensive process. With the prospect of an expanding mining sector, fossil fuels and agriculture can be expected to be in increasing conflict over limited water supplies in coming years.

Apart from the question of industry accessing large volumes of water, there is also the matter of quality of ground water. Based on the experience in Queensland, concerns about contamination of aquifers or surface water from mining operations can be expected to become significant once operations become established.

Contamination is a problem with all forms of UCG drilling – not just CSG. The industry argues that there will be no problems with shale and tight gas. Experience overseas suggests otherwise. For instance, in the US state of Pennsylvania, where UCG is well established, the Department of Environmental Protection has catalogued 243 cases of contamination of private drinking wells from oil and gas drilling operations. There are many contamination incidents associated with CSG drilling in both NSW and QLD.

Then there is the issue of what to do with the water that will be brought back to the surface from coal or rock seams. This "produced water" requires some form of treatment or storage. It cannot be released back into the water cycle unless treated. If it is released untreated, it can cause major contamination of surface and ground water resources.

BTEX chemicals naturally occur in coal seams, and could be brought to the surface in drilling operations. BTEX refers to the chemicals benzene, toluene, ethylbenzene and xylene. Benzene is a known carcinogen. According to the National Toxics Network, "the fracking process itself can release BTEX from the natural-gas reservoirs, which may allow them to disperse into the groundwater aquifers or to volatilise into air. People may be exposed to BTEX chemicals by drinking."

Based on the experience of farmers in Queensland where the coal seam gas (CSG) industry has already become entrenched and its problems are well documented, we do not accept the premise put forward by the industry that UCG operations can peacefully co-exist with farming. While any potential onshore gas industry is unlikely to be of a scale of what is already found in Queensland, we can expect that any impacts will be felt keenly given the relatively higher population density here in Victoria.

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

- (a) an ability to provide a competitive source of energy and non energy inputs for Victorian industries;
- (b) an affordable energy source for domestic consumers; and
- (c) carbon dioxide emissions from these sources;

By definition, unconventional gases which are trapped in coal or rock seams are harder to extract than conventional gas. This means that more energy needs to be invested in producing the gas compared with conventional gas. This is because most UCG will require fracking in order to release the gas trapped in rock or coal seams for it to flow to the surface. The Energy Return on Investment (EROI) for UCG is typically much greater than for LNG. Given the rising cost of diesel (required in the fracking process) it is difficult to see how UCG could compete with existing conventional gas supplies.

Therefore, it is difficult to see new production of UCG as being a panacea for rising energy prices.

(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;

From the negative examples of UCG drilling elsewhere in Australia and around the world, we believe the best way to regulate this industry is to ban it. This is the simplest policy response. Many other jurisdictions have chosen to place an outright ban on UCG and/or the process of fracking, including the US states of New York and Vermont.

Thank you for the opportunity to make a submission into UCG & I ask that you please consider above everything else the risk to the health and food industry.

Regards
Wendy Farmer
President Voices of the Valley

