

**Our Ref: F080954**

7 July 2015

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

Dear Mr Delaney

**Re: Inquiry into Unconventional Gas in Victoria**

Thank you for the opportunity to provide a submission to the Environment and Planning Standing Committee's inquiry into unconventional gas in Victoria.

Barwon Water supplies drinking water to a permanent population of 285,000 people (20 percent of Victoria's regional population) across an 8,100 square kilometre service area, sourced from various surface water and groundwater catchments across the region. Continued availability of these high-quality water resources is contingent on the health of these catchments, waterways and aquifers being maintained.

All our surface-water water supply catchments are formally recognised as requiring special management for this purpose, having been declared under the *Catchment and Land Protection Act 1994* (CaLP Act). Defining groundwater catchments is more complex, with declared catchments generally only covering the 'recharge area' (where the aquifer formation outcrops at the surface), which may be some distance from the groundwater bores. The actual location of groundwater sources is more accurately defined by the extent of the aquifer formation, which may be located far below the surface geology and extend for a significant distance.

Barwon Water's interest regarding unconventional gas is focused on the identification and management of potential risks to the quality and yield of our water resources, both surface and groundwater. Barwon Water also have an interest in the unconventional gas industry's use of water resources, and the management of wastewater generated.

The map of 'Areas Prospective for Onshore Gas' featured on the Department of Economic Development, Jobs, Transport and Resources' (DEDJTR) onshore gas website indicates onshore gas potential in the Otway basin area from Torquay to Colac, covering a large part of Barwon Water's region. This is the area where Barwon Water sources the majority of the region's water supply, and includes both surface and groundwater resources. Barwon Water notes there is currently only one exploration licence in its region that may involve

**Barwon Region Water Corporation**  
ABN 86 348 316 514

P.O. Box 659, Geelong, Victoria, 3220 TEL: 1300 656 007 FAX: +61 3 5221 8236

[www.barwonwater.vic.gov.au](http://www.barwonwater.vic.gov.au)

unconventional gas, PEP163, which covers a large area between Geelong and Anglesea. Currently there are no extraction licences in Barwon Water's region.

### **Risks to water supply resources from unconventional gas**

Previous investigations at State and Federal levels have identified a broad range of potential risks to water supply resources posed by unconventional gas exploration and development. We anticipate the Victorian Government's current Water Science Studies program will provide a more thorough understanding of these risks and how they can be mitigated, and that this will inform the government's decision on whether to lift the current moratorium. In the event that there is uncertainty regarding a potentially significant risk to water supply resources, the precautionary principle should be applied, in recognition of the paramount importance of these resources to the community and in underpinning economic activity.

### **Barwon Water's role in considering risks to water supply resources**

A wide range of land uses and developments can pose a risk to the region's water supply resources. Victoria's legislative framework for planning and environment implements a range of regulatory mechanisms to help mitigate these risks, for example the *Environment Protection Act 1970* makes it an offence to cause or permit a hazard which may pollute the environment.

The *Planning and Environment Act 1987* (P&E Act) requires a permit for various land use and development proposals. Barwon Water is a determining referral authority for planning permit applications under the P&E Act, where the subject land is located within a water supply catchment declared under the CaLP Act. This is Barwon Water's only statutory referral or decision maker role with which it can control the management of catchment risks. It is important to note, however, that such a referral is only triggered where a planning permit is required. Where no permit is required or an exemption applies, there is no requirement that Barwon Water be informed or consulted.

Throughout our water supply catchments, a permit is required for a range of high-risk land use and development, and exemptions apply for low-risk development, however some activities are the subject of state-wide exemptions and are dealt with under separate legislation. This is the case for unconventional gas exploration, which is exempt from Planning Scheme requirements (refer to clauses 52.08, 62.01 and 62.02-1 of the Victorian Planning Provisions). Regulation of these activities is fully deferred to the *Mineral Resources Sustainable Development Act 1990* (MRSD Act) or the *Petroleum Act 1998*. Unconventional gas development/extraction requires either a Planning Permit, or alternatively an Environmental Effects Statement (under the *Environment Effects Act 1978*), enabling more thorough assessment and management of risks.

Exploration and other activities do not require a planning permit, yet they can still pose significant risks to water resources, as their scope includes many of the same activities that occur at the development/extraction phase, only at a smaller/test scale. Management of the associated risks is reliant on works plan processes under the *MRSD Act* and *Petroleum Act*.

DEDJTR guidelines for these processes identify the need to consult stakeholders where appropriate, but there are no statutory referral mechanisms in place. As such, these processes are reliant on the proponent or DEDJTR deciding to consult the relevant water corporation. In addition, the consideration of any feedback provided is entirely discretionary. As a result, water corporations' knowledge of such proposals and their ability to control or influence consideration and management of risks to water supply resources is uncertain. Introduction of mandatory referrals for unconventional gas proposals, including exploration, would ensure that water corporations are involved in managing these risks.

Yours faithfully



Carl Bicknell  
General Manager Strategy and Planning