



Your Ref: DM#3997462

10 July 2015

The Secretary
 Environment and Planning Standing Committee
 Legislative Council Parliament House
 Spring Street
 MELBOURNE VIC 3002

Dear Mr Delaney

Submission to Inquiry into Unconventional Gas in Victoria

Thank you for providing Goulburn-Murray Water (GMW) with the opportunity to provide a submission to the Environment and Planning Standing Committee's Inquiry into Onshore Unconventional Gas in Victoria.

Context for Goulburn-Murray Water's submission

GMW is Australia's largest rural water corporation, managing around 70% of Victoria's stored water resources, around 50% of Victoria's groundwater resources and Australia's largest irrigation delivery network. This network, extending across the Goulburn-Murray Irrigation District (GMID) is currently being transformed by the Connections Project - a \$2 billion investment in modernising irrigation infrastructure in order to bring about significant water efficiency and water saving outcomes.

Linked to this investment in irrigated agriculture is a fundamental and strategic commitment by GMW to support increased agriculture production in Northern Victoria in partnership with our customers.

In the context of GMW's strategic focus, this submission seeks to raise concerns about the compatibility of onshore unconventional gas activities with Northern Victoria's investment in agriculture and, linked to this, impacts on water users and regional development opportunities.

GMW urges the Committee to consider as part of it's inquiry

- the desirability of onshore unconventional gas activities coexisting with the use of groundwater resources by northern Victoria's rural and regional communities
- the long-term resource value of groundwater .

Matters relevant to Clause (3) of the Inquiry's Terms of Reference

Agriculture is a vital cog in Victoria's economy. Victoria's agricultural food and fibre producers and processors lead Australia's food exports across all key sectors and in 2013/14 Victoria's food exports alone were worth \$8.7 billion. Future growth opportunities and competitive advantage relating to agribusiness are recognised by Deloitte (2014). The recently signed Free Trade Agreements with South Korea, Japan and China present significant export growth and regional development opportunities for Northern Victorian primary industries such as dairy, beef and horticulture.



GMW recognises that both conventional and unconventional gas also present opportunities for economic growth for Victoria. However, given the State and Federal government's investment in irrigated agriculture in Northern Victoria, the current economic value of agriculture to Victoria and the enormous future growth opportunities and competitive advantage available to northern Victorian agricultural producers, GMW is concerned that the development of onshore unconventional gas in Northern Victoria may compromise and adversely affect Victoria reaching its agricultural potential.

Equally, the vast majority of GMW customers are agricultural producers. The success of these producers is pivotal to the success and growth of many regional and rural industries and communities. GMW is concerned that onshore gas development in this region may impinge upon those who depend on highly reliable groundwater entitlements and rely on good quality groundwater to support their agricultural enterprises; which in turn support large food processing industries.

Considering the importance of good quality groundwater in Northern Victoria, GMW is also concerned that chemicals used in processes to extract onshore unconventional gas may increase risks of irreversible aquifer contamination, which would threaten the long-term value and utility of groundwater resources to the region's agricultural industries and communities.

Matters relevant to Clause (5) of the Inquiry's Terms of Reference

GMW would like to reinforce to the Committee the importance of groundwater resources in Northern Victoria and highlight the need to consider the potential impact onshore unconventional gas development may have on these resources.

There is around 450 gigalitres (GL) of groundwater licence entitlement held by about 3,000 licence holders in GMW's region, the vast majority of whom are agricultural producers. While groundwater use for agriculture and stock purposes was about 150 GL in 2013/14, it was higher (greater than 200 GL/year) during the most severe years of the millennium drought, when surface water availability was low.

Demand for trade of groundwater entitlement to support agricultural development is increasing. About 7.5 GL of groundwater entitlement was either temporarily or permanently traded in Northern Victoria in 2013/14. The amount of groundwater entitlement trade will only increase as new agricultural enterprises and opportunities are pursued.

Groundwater in Northern Victoria is not only highly valued as a supplementary resource to surface water. It is increasingly used as a reliable primary water source by agricultural producers keen to buffer the impacts of a drier and more variable climate and the likely impacts a drying climate will have on the reliability of surface water supplies.

In the context of climate variability and changing rainfall patterns, it is likely that groundwater will become a more critical and reliable resource. Northern Victorian agricultural production, industries and communities will increasingly rely on its use.

Over the past five years, GMW has invested in and obtained a significantly enhanced understanding of groundwater resources in its region, and has used this knowledge to develop improved resource management plans in consultation with groundwater users. This in turn has helped provide groundwater users with a greater understanding of the values supported by groundwater and confidence about long term resource sustainability and security of access.

In light of this, GMW recommends the Committee to carefully consider how much research has been done into the long term impacts on aquifers due to onshore unconventional gas development and pay particular regard to the significant values groundwater resources support now and into the future.

GMW sees it as critical that onshore unconventional gas feasibility is weighed up against risks such as aquifer contamination and depletion, impacts on the structural integrity of aquifers and effects on connected groundwater and surface water systems.

Concluding remarks

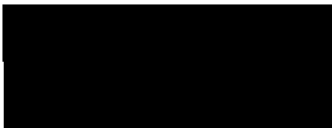
GMW understands that development potential for onshore unconventional gas in Northern Victoria may be currently limited. However, GMW is of the view, should any future development be considered, that the investment cost would outweigh the many benefits discussed.

GMW's strongly believes that giving priority to water resource sustainability and security to support Northern Victoria's agricultural and regional growth in the long term is paramount. GMW questions the suitability of onshore unconventional gas development in our region, where future prosperity is so intrinsically linked to agricultural growth and opportunities.

Indeed GMW is firmly of the view that agriculture presents a far more long-term and sustainable opportunity to grow Northern Victoria, create jobs and build communities.

GMW therefore submits that the Committee must carefully consider the potential impacts on water resources (particularly groundwater) and the importance of these resources in supporting Victoria's long-term agricultural and economic prosperity.

Yours sincerely

A solid black rectangular box redacting the signature of Sarah Scales.

**Sarah Scales
CHAIRMAN**