31 March 2014

Department of State Development
 Business and Innovation
Energy and Earth Resources

The following feedback was provided via the appropriate page on their web site.

Re: Gas Market Task Force - Final Report and Recommendations (Oct 2013)

Thank you for the opportunity to provide feedback on the Gas Market Task Force - Final Report and Recommendations (Oct 2013).

VicWater is the Peak Water Industry Association for Victorian Water Corporations.

VicWater understands that some of its members will also be making separate submissions that reflect their specific circumstances.

Based on feedback from our members we make the following comments:

There is concern, based on a risk assessment undertaken by SKM, from our members that the following risks can occur if activities around CSG and hydraulic fracturing are not undertaken in a responsible and sustainable manner, they are:

- Large scale depressurization of aquifers leading to reduced ground water levels, changes flow regimes, reduced volumes and changes in water quality.
- Poor well integrity resulting in pollution of the surface and sub-surface environments.
- Management of any production by-products such as brine to ensure there is no contamination of surface waters.

All ground water uses should be treated equitably, this includes accessing licenses in accordance with the PAV of specific aquifers and requirements to prove negligible impacts on existing users, and monitoring regimes to ensure the use is sustainable.

There will be circumstance where extractors will seek to pass through ground water aquifers to access gas but will not specifically extract water. In these circumstances, because of the potential for pollution the Rural Water Corporation should still be provided the opportunity to review and approve the well design and specifications.

Whilst the report notes that there is little evidence of pollution of ground water resources from fracturing, we suggest the consequences are potentially significant impacting both urban, rural and environmental users of ground water resources.

Like the approach adopted when considering development in catchments and public health from water supplies we support the application of the precautionary principle where fracturing may impact or pollute ground or surface water resources.

With respect to the individual recommendation we make the following comments:

Recommendation 1b: We support the recommendation that reforms establishing or reinforcing leading practice regulation, community engagement, information and science be adopted as a prerequisite to removal of the holds on coal seam gas (CSG) and hydraulic fracturing.

Recommendation 2: VicWater supports the adoption of NHRF Leading Practice through legislation and license conditions. We also support the extension of these practices to other unconventional gas.

Recommendation 3: We support improved consultation and engagement; and improved education on issues around unconventional gas.

Recommendation 4: We support the recommendation to establish an independent water science program to conduct baseline assessments and monitoring of water resources in areas that may be affected by unconventional gas development.

We support the recommendation to ensure integrated management of water resource via water licenses issued under the Water Act 1989.

Recommendation 5: We support the recommendations in 5 and in particular support the public disclosure of all chemicals used in exploration and operations. This is particularly important for Water Corporations so we can monitor and manage water quality.

Recommendation 9b: We consider that the current set of environmental regulations and approvals applying to projects in Victoria is not overly onerous or duplicative.

It is acknowledged that there are a number of different regulations and approvals, however this is characteristic of a 'modular' system, enabling proponents to interact with only those 'modules' that are relevant to their particular circumstance.

Typically, each of these targets a specific area of environmental risk, applying processes, policies and stakeholders most relevant to those risks.

It is important to consider that a modular system works well for a range of projects outside the gas industry throughout Victoria. We consider that streamlining can be achieved via continual improvement to the operation and interaction between existing regulations and processes, rather than wholesale change.

Recommendation 9c: It is critical that this 'go to' person's role is limited to assisting in the facilitation of relevant processes, and must remain independent at all times. If this person were to attempt to direct, influence or override processes or decisions this would undermine the integrity and community confidence in the system.

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'Baseline measurement of groundwater quality and the development by the Victorian Government of an observation bore network would enable assessment of the effects of hydraulic fracturing on groundwater and have benefits extending beyond the gas industry to other water users'.
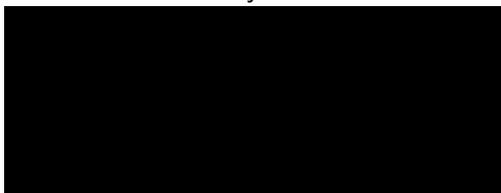
We strongly disagree with this statement. The rate of dispersion of substances across and between aquifers mean there is a considerable time delay in detecting the effects of groundwater pollution, depending on the distance, depth and geology between the source and the monitoring point.

A general network of observation bores, at varying depths, geological profiles and distances from gas developments, would be likely to provide inconclusive results and fail to reliably monitor potential contamination away from gas harvesting sites.

There would also be considerable on-going cost in maintaining such a monitoring network and potential risk to aquifers through neglected failed or leaking monitoring bores.

It would be more appropriate to establish dedicated monitoring facilities for any given gas development, carefully considering these factors to minimise the time to detection of any pollution incident.

Yours sincerely

Chief Executive Officer