



The Hon Wade Noonan MP

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Mr Andrew Young
Clerk of the Legislative Council
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Dear Mr Young

**PARLIAMENTARY INQUIRY INTO ONSHORE UNCONVENTIONAL GAS IN VICTORIA -
GOVERNMENT RESPONSE**

Please find attached the Victorian Government's response to the Parliamentary Inquiry into Onshore Unconventional Gas in Victoria by the Environment and Planning Committee. I request that this response is tabled in the Legislative Council.

Yours sincerely

Hon Wade Noonan MP
Minister for Industry and Employment
Minister for Resources

Date: 29/8/2016

Inquiry into Onshore Unconventional Gas in Victoria

Victorian Government Response

Introduction

On 26 May 2015, the Andrews Labor Government referred an inquiry into issues relating to the exploration, extraction, production and rehabilitation for onshore unconventional gas to Parliament's Environmental and Planning Committee.

The Parliamentary Committee tabled its Final Report on 8 December 2015.

"The [Parliamentary] Committee considered two proposed recommendations: a ban on the unconventional gas industry in Victoria or a five year extension of the current moratorium. The Committee could not reach a majority decision. Notwithstanding this, and the content of any minority reports, the Committee must respond to the Terms of Reference and therefore makes the following recommendations relating to any future unconventional gas industry, were it to occur in Victoria." (Inquiry into onshore unconventional gas in Victoria: Final Report, 2015. pp.xii)

The Committee tabled a Final Report including 15 recommendations relating to any future unconventional gas industry, were it to occur in Victoria, and four minority reports reflecting a range of views.

The reports have been thoroughly considered and served to inform the Government's longer-term position on this important matter.

The Victorian Government will permanently ban exploration and development for all types of onshore unconventional gas, given significant uncertainty about the extraction techniques and impacts and community concerns.

The ban does not apply to authorised activities used for current or future storage of gas underground, extraction of carbon dioxide, research for carbon storage, or authorities that allow access to offshore resources from onshore areas.

Final Report Recommendations

The Government notes the majority of the Parliamentary Committee's recommendations.

Recommendation 1

The Government does not support recommendation 1. A single interdepartmental submission was prepared directly by multiple departments through an interdepartmental committee and approved by the Government. This is published on the Parliamentary Inquiry website. The Environment Protection Authority (EPA) provided the Parliamentary Committee a standalone submission and appeared before the Committee. The Department of Economic Development, Jobs, Transport and Resources (DEDJTR), Department of Environment, Land, Water and Planning (DELWP) and Department of Health and Human Services (DHHS) also appeared severally and collectively at various inquiry hearings and Committee pre briefings.

Recommendations 2-4

Actions in response to recommendations 2-4 will not be required because the Government will permanently ban onshore unconventional gas activities.

Recommendation 5

The Government supports recommendation 5. Implementing the Government's ban on onshore unconventional gas activities will involve action to require existing licence holders to fulfil their obligations to decommission and rehabilitate well sites.

Recommendations 6-13

Actions in response to recommendations 6-13 will not be required because the Government will permanently ban onshore unconventional gas activities.

Recommendation 14

The Government supports recommendation 14. The Minister for Resources consulted extensively with manufacturers and other industrial gas users in June and July 2016 to understand their concerns regarding the supply and cost of gas over recent years and forward plans. The former Minister for Energy and Resources and DEDJTR also met with Victorian manufacturers. The Victorian Government will continue to advocate nationally for reforms to improve performance of the eastern Australia gas market, in the interests of Victorian manufacturers, industrial users and residential consumers.

Recommendation 15

The Government supports recommendation 15. The Victorian Government has considered the findings of the Australian Competition and Consumer Commission Inquiry into the East Coast Gas Market in reaching its decision on onshore unconventional gas.

Other Earth Resources

The Government notes that some of the Parliamentary Committee's recommendations warrant further consideration with regard to improving the policy and legislative framework for other earth resources, thereby providing greater certainty for businesses and building community confidence in the sector.

The Government recognises the general importance of improving public access to information about earth resources, including licence information for other mineral and petroleum resources. DEDJTR will continue to make more information available on its website.

The Government also recognises the importance of robust, fair and transparent arrangements for land access, compensation and dispute resolution with regard to all Crown mineral and petroleum resources. Such arrangements are essential to provide certainty for companies intending to invest in exploration and development of earth resources, safeguard the interests of farmers and other landholders and underpin wider community confidence in the sector. The Government will conduct a review of land access, compensation and dispute resolution, including the role of the Mining Warden. This will include consultation with key stakeholder groups and calling for public submissions.

The Victorian Government recognises the benefits of an examination into improved consultation with relevant water authorities to enable a more comprehensive assessment of risk to water sources.