



16 March 2016

Committee Secretary
Senate Select Committee on Unconventional Gas Mining
PO Box 6100
Parliament House
Canberra ACT 2600

Via e-mail: gasmining.sen@aph.gov.au

Select Committee on Unconventional Gas Mining

The South Australian Chamber of Mines and Energy (“**SACOME**”) is pleased to have this opportunity to make a submission to the Senate Select Committee on Unconventional Gas Mining (“**the Committee**”).

SACOME is the peak industry association for all companies with interests in the resources industry in South Australia, including those with business, vocational or professional interests in minerals exploration, mining and processing, oil & gas exploration, extraction and processing, power generation, transmission and distribution, logistics, transport, infrastructure, and those with clients in these sectors. The Chamber also represents interests developing geothermal and wind power.

SACOME represents over 280 core industry and services members.

The South Australian petroleum industry has an exemplary environmental and safety track record. In the fifty years of petroleum exploration and production in this state, there has been no impact on aquifers, no health impacts, and no harm to the surface and subsurface environments. It has also been demonstrated that the petroleum industry has co-existed sustainably with other land uses (*i.e.* agriculture, viticulture and wine production), with no impact on brand or the ‘clean, green’ image of South Australian primary production.

It is inevitable that the industry operates with some risks, but risks are evident in most industries and life experiences. Accordingly, it is proper that the approach of industry, in managing their operations, and the South Australian legislative framework in dealing with economic, environmental and community impacts is objective and risk based. That is, each project is assessed on its own unique set of circumstances, including geology, environment, land use and community.

Each potential risk is identified, avoided (where possible), and effectively managed and mitigated by adhering to global recognised best industry standards.

SACOME made a comprehensive submission to the current South Australian inquiry¹ on the use of hydraulic fracture stimulation, which is expected to be completed by June 2016. The SA inquiry and our submission to it address a number of the terms of reference that are a matter for this inquiry. SACOME attaches our submission from the SA inquiry as part of our submission to this inquiry (Attachment A).

¹ Inquiry into the potential risks and impacts in the use of hydraulic fracture stimulation (Fracking) to produce gas in the South-East of South Australia. Natural Resources Committee. Parliament of South Australia. <http://www.parliament.sa.gov.au/Committees/Pages/Committees.aspx?CTId=5&CId=295>

Regulatory Framework

The South Australian assessment and approval framework is comprehensive, and integrates all required legislation and the respective administering government agencies in a whole of government approach under the overarching legislation of the *Petroleum and Geothermal Energy Act 2000* (SA) (“**PaGE Act**”). The PaGE Act is unequivocally clear in requiring all environmental, social, safety and economic matters be identified and exhaustively addressed through community consultation and in the subsequent Environmental Impact Reports and approved Statement of Environmental Objectives.

With forty years of experience in the use of hydraulic fracture stimulation to enhance the recovery of oil & gas from low permeability formations in South Australia, the South Australian regulator (Department of State Development) has built considerable expertise and practice in regulating and managing the use of this technology.

At the Commonwealth level, the *Environmental Protection & Biodiversity Conservation Act 1999* (Cth) (“**EPBC Act**”) provides a solid legal framework to protect and manage impacts upon matters of national environmental significance.

Compensation

Section 63 (Right to Compensation) of the PaGE Act is unambiguous in the requirement of industry to have in place substantive compensation arrangements with affected land owners to cover:

- Deprivation or impairment of the use and enjoyment of the land;
- Damage to the land (not including damage that has been made good by the licensee);
- Damage to, or disturbance of, any business or other activity lawfully conducted on the land; and,
- Consequential loss suffered or incurred by the owner on account of the licensee entering the land and carrying out regulated activities under the PaGE Act.

Additionally, the PaGE Act, in relation to the entitlement to compensation, allows for compensation to include an additional component to cover reasonable costs incurred by an owner of land in connection with any negotiation or dispute related to:

- The licensee gaining access to the land;
- The activities to be carried out on the land; and,
- The compensation to be paid.

Part 5 of the *Petroleum and Geothermal energy Regulations 2013* (SA) also provides that companies must provide reasonable information on the rights of an owner of land to claim compensation under the Act.

The legislation does not prescribe the conditions of compensation arrangements, as they are appropriately negotiated on a case-by-case basis between the affected land owner(s) and the company proposing the activity.

Comments on the nature of this inquiry

SACOME voices the South Australian resources industry’s frustration with the endless inquiries, at both the Commonwealth and State/Territory level, into the oil & gas industry in Australia.

At least six inquiries and reviews have occurred across various jurisdictions into unconventional gas and/or hydraulic fracturing, resulting in similar conclusions – that unconventional gas development and the use of hydraulic fracturing is safe and well managed, and that the

regulatory systems in place are rigorous and based on risk management, as is appropriate for resources developments. The exceptions, Victoria and Tasmania, did not provide any scientific evidence to support continuing bans on gas exploration and development. The decisions to continue the moratoriums on unconventional gas in these jurisdictions was arguably a political one.

It is SACOME's view that this inquiry is purely an exercise in furthering a political and tactically driven anti-gas agenda, in an effort to manufacture the outcomes sought and to disrupt the industry regardless of the comprehensive outcomes from other inquiries based on evidence and science.

Our concern is that this inquiry will only serve to undermine the robust, independent and expertise based regulatory regimes, at a State or Federal level, for the assessment and approval of resources projects.

Should you wish to discuss this submission further please contact me on phone number 8202 9999 or nlong@sacome.org.au.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Nigel Long', written in a cursive style.

Dr Nigel Long
Director, Policy & Community

Attachment 1 SACOME submission to the Inquiry into the potential risks and impacts in the use of hydraulic fracture stimulation (Fracking) to produce gas in the South-East of South Australia. Natural Resources Committee, Parliament of South Australia, January 2015.