



Media release

The Hon Michael O'Brien MP

Minister for Gaming
Minister for Consumer Affairs
Minister for Energy and Resources

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Reforms to strengthen Victoria's coal seam gas regulation and protect communities

The Victorian Coalition Government has announced reforms that will provide greater certainty for regional communities and industries in the lead up to the national reform process for coal seam gas, Minister for Energy and Resources Michael O'Brien said today.

The reforms which come into effect immediately are:

- A hold on approvals to undertake hydraulic fracturing ("fracking") as part of onshore gas exploration and a hold on the issuing of new exploration licenses for coal seam gas until the upcoming national framework proposals have been considered; and
- A ban on the use of BTEX chemicals (benzene, toluene, ethylbenzene and xylene) in hydraulic fracturing in Victoria.

The Victorian Coalition Government will also:

- Seek to strengthen resource policy and legislation to ensure better consideration of mixed land use issues during the application process for coal seam gas exploration activity; and
- Use impact statements at the exploration stage in circumstances where there will be a significant material impact on the environment, to better manage mixed land use issues for all minerals exploration, not just coal seam gas. This power currently exists under section 41A of the *Mineral Resources (Sustainable Development) Act 1990*.

Work by the States and Commonwealth on the creation of the *National Harmonised Framework* for coal seam gas is progressing and will include a national consultation process. State and Federal Energy and Resources Ministers are expected to consider the framework in December 2012.

The national framework process is considering leading practice approaches to the regulation of the coal seam gas industry, including water management and monitoring, well design and integrity, hydraulic fracturing, chemical use and industry and community engagement.

Mr O'Brien said that the actions announced today would provide greater certainty for the community in the lead up to the anticipated reforms to industry practice.

"In anticipation of new standards being considered through this reform process, the Coalition Government has decided to place a hold on approvals to undertake hydraulic fracturing as part of onshore gas exploration," Mr O'Brien said.

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“This hold will remain in place until the national framework proposals have been presented, and then considered and responded to by the Coalition Government.

“This approach will help to avoid a situation where applications for hydraulic fracturing works might be approved now, only to be inconsistent with new standards to be set in the near future.

“It will ensure that Victorians can have confidence the strongest protections will apply to the regulation of onshore gas exploration while giving industry regulatory certainty,” Mr O’Brien said.

These measures do not affect exploration activity approved under existing licences that does not involve fracking, such as surveying or drilling for core samples.

These reforms follow the announcement in June this year that Victoria had signed a National Partnership Agreement with the Commonwealth on coal seam gas and large coal mining development.

Work is underway to determine the Victorian based scientific studies that will be funded by the National Partnership Agreement. This work will be supplemented by a Gippsland regional scale study by the Commonwealth Government’s Independent Expert Scientific Committee into the impact of mining activity on water resources.

Mr O’Brien said that alternative sources of natural gas present potential economic benefits for local communities and new jobs, however the Coalition Government will not allow new industries to threaten local livability, the environment or food production.

“Industry development relies on the quality of the engagement between exploration companies and the local communities where this activity takes place, and it relies on the community having the confidence that government regulation keeps pace with an evolving industry,” Mr O’Brien said.

“The reform process will help to ensure that Victoria’s regulation of onshore gas operations remains strong, and continues to protect our environment and our agricultural industries.

“The Coalition Government supports regional jobs and investment in the minerals and resources sector and exploration for onshore gas will make an important contribution in efforts to keep energy affordable for all Victorian households and businesses,” Mr O’Brien said.

These new reforms are in addition to Victoria’s already tough regulatory framework that includes Victoria’s Environmental Protection Policy under the *Environment Protection Act 1970* which does not allow discharge from exploration and mining activities that will pollute groundwater.

Exploration for coal seam gas in Victoria is at a very early stage. There is currently no coal seam gas production in Victoria. While the location of Victoria’s coal resources is well known, the amount of any associated gas and the feasibility of extraction are uncertain.

Hydraulic fracturing was last approved and conducted in Victoria in 2009, under the former Labor Government. No adverse impacts have been recorded.

There are currently no hydraulic fracturing works approved in Victoria.

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