

Fracking useless policy in Victoria

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The Andrews Government in Victoria **has set in motion regulatory arrangements that will permanently prevent hydraulic fracturing** (fracking) and other measures of tapping “unconventional” gas while maintaining in place an embargo of all other on-shore gas exploration until 2020.

Such intervention to prevent wealth creation has come a long way in a short time. Five years ago, Friends of the Earth and other green alarmist agitators garnered support among the farming community to oppose fracking and other production technologies that allow gas and oil to be extracted from coal seams and shale. The farmers had little to gain from the mining and were susceptible to opposing anything new that someone said would hurt them. For the green groups it was just another step on the way to banning search for and use of all fossil fuels.

Fracking involves the use of tiny quantities of benzene and other chemicals to tease out gas and oil from geological structures that are difficult to mine under conventional procedures. Fracking itself has been around for 65 years but it is only in the last decade or so that it has been extensively used.

Two million of wells have been sunk worldwide – mainly in North America and, though green groups raise scare campaigns, the US EPA has found not one case of harm.

Meanwhile the technology has revolutionised the energy positions of the US and Canada, and now accounts for more than half of oil and

gas production. Though the Obama Administration has been antagonistic, banning fracking on federal lands and opposing pipelines carrying the gas the technology has transformed the US into a net energy exporter. In Canada it has driven down electricity generation costs – in the case of Ontario from the previous five cents per kWh to two cents – and a tenfold expansion is expected over the next 25 years. Energy developments based on fracking and similar technologies have been a rare bright spot in the US economy over the past decade.

Green groups have had great success in focussing opposition to the technology in Australia.

Only in Queensland has the government placed few restraints on unconventional gas production. Even so coal seam gas now accounts for one-third of total Australia production with most of the Queensland supply earmarked for export.

Working with shock-jock Alan Jones with a claim that fracking will harm farming green groups have bullied the NSW government to place 90 per cent of the state off-limits to the technology.

Even greater damage has been done in Victoria. Spooked by the FoE campaign, a pusillanimous Victorian Coalition government in 2012 placed a temporary ban on fracking for gas and gas exploration generally. Reviews of this, notably by Peter Reith, found that the technology poses no threat and the bans can only harm the state's economy.

But Victoria's Coalition opposition made it clear that they would extract political capital from an ALP government relaxation of the embargo. This may have been instrumental in ensuring an Andrews government that is, in any event, opposed to fossil fuel energy is now to impose a permanent

ban on fracking and other methods of extracting unconventional gas. It is also to extend the embargo on conventional gas exploration at least until 2020.

Green groups have expressed disappointment that a window has been left open for conventional exploration after 2020. Astonishingly, the state shadow energy and resources minister, the Liberal's David Southwick, said that, in adopting the Opposition's own policy, "Daniel Andrews is condemning Victorians to higher energy costs at a time when cost of living pressures are making life tough."

Nobody knows how much potential wealth is being locked away as a result of Victoria's ban on gas exploration. The US Energy Department puts prospectivity in Australia as comparable to that of the US. It is certain that the policy will mean dearer domestic gas and electricity prices. It is even possible that the policy is preventing a vast new source of income being created.

All this is being prevented by a body politic that is extremely risk averse and refuses to take on leadership roles to combat green mysticism.

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