



July 2020

Submission to the NSW Independent Planning Commission, Narrabri Gas Project (SSD-6456) from the Member for Barwon, Roy Butler MP.

Commissioners,

I thank you for the opportunity to provide a submission to the Commission on the Narrabri Gas Project.

My views and concerns regarding this project are well reported in the public domain. I hold deep concerns over the potential impact of this proposed development on our crucial water supplies; the fact only 2 of the 16 Chief Scientists' recommendations fully implemented¹; the lack of a domestic gas reservation policy; the cost of the Narrabri Gas; the lack of a salt disposal plan; Santos' social licence; and the falsehood that this project will result in largescale employment opportunities.

As the local Member of Parliament representing the Narrabri region, much has been made of my opposition to this project. I would like to draw to the Commissioners attention, the area I represent, and the communities that have the potential to be impacted should the groundwater contained within the Great Artesian Basin be contaminated.

Barwon is a vast north-west rural electorate of 356,292 square kilometres and is the state's largest electorate, covering 44.5% of the state. It stretches from Walgett, Narrabri and Coonabarabran in the east to Broken Hill and the South Australian border.

¹ NSW Parliament. (2020, February 27). *The implementation of the recommendations contained in the NSW Chief Scientist's Independent Review of Coal Seam Gas Activities in New South Wales*.
<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2557>





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Note: Only selected topographic features shown outside GAB for clarity

Figure
GREAT ARTESIAN BASIN

Figure 2: A map detailing the extent of the Great Artesian Basin.

As previously stated there are a number of areas in which I hold concerns, I will outline why they are of concern to me. I am an elected member in a representative system of government, my alignment is to my community, various electors in Barwon have raised all these issues with me, and I have reconfirmed what they have told me through my own independent research.

Lack of social licence

This project is significant, not just for the community of Narrabri, but also for the whole of NSW and Australia. Rightfully, the community deserves to be heard, and their opinions and concerns considered as holding considerable weight.

I know there are people who sit on both sides of the argument surrounding the Narrabri Gas Project; I have encouraged them to express their opinion on this project, as have many others.

I place on the record my opinion surrounding the weighting community submissions should have in assessing this project. This project may have licences, it may have the appropriate company structure, it may have completed all the required reports, it may be paying taxes, and it may have jumped through all of the approval hoops until now. Instead, I suggest, the progression of this project through the necessary planning and corporate processes is not in itself a reason to find in the projects favour; the last hurdle is the one that counts and that hurdle includes social licence. All of these things matter in processing applications of this kind; however, Social licence to operate should be placed in high regard.

Social licence is widely accepted to be made of three components, legitimacy, credibility, and trust². Legitimacy, the extent to which an individual or organisation plays by the 'rules of the game' – that is, the norms of the community, be they legal, social, cultural, formal or informal in nature. Credibility, the individual or company's capacity to provide true and clear information to the community and fulfil any commitments made, this includes whether the project will actually reduce energy costs many believe it will increase energy costs. Trust, the willingness to be vulnerable to the actions of another – it is a very high quality of relationship and takes time and effort to create.

We should not dismiss the fact that of some 23,000 submissions on this project – 98 per cent were against the project. Clearly, there has been an erosion of public trust in this industry, and you must question whether the project has a Social licence. With the level of submissions that have stated they are anti this project, you must ask on the three components that comprise Social licence – where has the Narrabri Gas Project fallen down. Approving a State Significant project without a Social licence would lead to serious questions within the

² Pirie-Griffiths, O. (2018, January 23). *Ethics Explainer: Social license to operate*. THE ETHICS CENTRE.
<https://ethics.org.au/ethics-explainer-social-license-to-operate/>





community about the legitimacy of community consultation and whether these activities are a 'tick and flick' exercise.

Water

My stance has been, and always will be, that I will not support any extractive industry that puts water—our most precious resource—at risk. Ground and surface water needs to be protected for our communities to exist. We are still feeling the impact of the worst drought in living memory—the towns of Narrabri, Coonamble, Bourke, Walgett, Warren, Coonabarabran and many others have relied on groundwater for their survival.

Groundwater has been used exclusively for agriculture and domestic use in most Barwon communities throughout the drought. Water for stock and reduced irrigated agriculture is all groundwater. You cannot have the clean, green food that is often talked about without clean water. Without access to groundwater over the past few years, our towns and industry may very well have collapsed.

If we contaminate the source of groundwater, it will not matter if we have all the jobs and gas in the world. Communities will not survive without water.

There is no contingency plan for water in towns such as Narrabri if groundwater is contaminated.

The Great Artesian Basin is a unique water resource that sits under 22 per cent of Australia, mostly under New South Wales and Queensland. It is quite deep. It is an amazing hydrological feature. The Great Artesian Basin is not one aquifer but a series of aquifers. Water moves between those aquifers—there is connectivity. If something goes wrong in one aquifer a long, long way down underground, you cannot stop it affecting another aquifer. There is the potential for irreparable damage, damage that would see our towns have their sole water resource stripped from them.

We have other ways of creating energy. We do not have other ways of creating water. We need to ensure that water is protected.

In 2019, I travelled to Queensland and met with the Minister for Natural Resources, Mines and Energy and the Queensland Office of Groundwater Impact Assessment regarding Dalby and Chinchilla and the coal seam gas projects taking place in those areas. We know in Queensland that the groundwater table is affected and is dropping. They continue to have to lower their bores to pull up water for agricultural and domestic use. On top of that, locals are reporting health issues such as rashes, dizziness, vision issues and headaches that they associate with the water. We have to be careful what we invite into our tent in NSW.

Water is by far our most precious resource. We should not risk long-term groundwater security for a short-term gain. In this protracted drought, many of





our communities are totally reliant on groundwater. While we have water in our pools today, one day we will be back to relying on groundwater in this country where we know we will go back into drought. Gambling with water should not be considered when it is central to everything we do. There are alternative sources of energy, including better policy, but no alternatives for water.

Chief Scientist recommendations

In 2013, the then NSW Chief Scientist and Engineer, Professor Mary O'Kane was commissioned by the NSW Premier Mr Barry O'Farrell to carry out an independent review of Coal Seam Gas activities in NSW. In September 2014, the NSW Chief Scientist's *Final Report of the Independent Review of Coal Seam Gas Activities in NSW* was released. It concluded with 16 recommendations. The NSW Government's response to the NSW Chief Scientist's final report was the *NSW Gas Plan*, in which all 16 recommendations made by Professor O'Kane were supported.

In February 2020, the NSW Legislative Council Portfolio Committee No. 4 – Industry handed down its report on *The implementation of the recommendations contained in the NSW Chief Scientist's Independent Review of Coal Seam Gas Activities in New South Wales*. The evidence put before the Committee established that:

...of 16 recommendations only recommendations 14 and 15 have been (arguably) fully implemented by the NSW Government. Recommendations 1-3, 7, 10 and 13 have, also arguably, been partially implemented – although this assessment takes the evidence for the NSW Government at its highest and does not necessarily reflect the assessment of the committee. When examining those recommendations which have been part implemented, it is clear that – at best – only a minority of what was recommended by the Chief Scientist has been carried out³.

In November 2011, Santos acquired the operations in and around the Pilliga now known as the Narrabri Gas Project. Their actions since September 2014 have been undertaken knowing the recommendations made by Professor O'Kane.

In the years since the acceptance by the NSW Government of the Chief Scientist's recommendations, the community would reasonably expect that the government and its agencies would be actively working toward a full implementation prior to proceeding with approvals for Coal Seam Gas mining activities. The NSW Government has set this as standard and then walked past its own standard.

All 16 recommendations of the Chief Scientist must be implemented in full prior to the approval of any Coal Seam Gas mining project, anything less would make a mockery of the position of the Chief Scientist within the State. The full implementation of these recommendations cannot take place in concurrence with the development of a Coal Seam Gas operation.

³ NSW Parliament. (2020, February 27). *The implementation of the recommendations contained in the NSW Chief Scientist's Independent Review of Coal Seam Gas Activities in New South Wales*.
<https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2557>





When there are such significant risks, we must follow the advice of independent experts, not those who have been paid for their services by the Gas Industry.

Lack of a domestic gas reservation policy

Surrounding the development of the Narrabri Gas Project has been an ongoing debate on the availability of gas for the domestic market in Australia. I am on the public record stating that there is no shortage of gas in Australia, there is a shortage of common sense in Canberra when it comes to gas export policy and domestic gas reservation policy.

As a country, we have surpassed the rest of the world to become one of the biggest exporters of liquefied natural gas. Australia exports over 3,000 petajoules of gas a year. The Narrabri Gas Project is for just 70 petajoules. The government has supported this to happen all while our energy prices in Australia have soared. Australia exports so much gas there's not enough at a reasonable price domestically - this hurts the hip pocket of families and businesses.

The current government handling of gas exports has done absolutely nothing to stem the meteoric rise of energy prices for Australian consumers. There is a glut of gas on the international market; and yet prices for gas in Australia have continued to rise. This goes against the market trends, and points to total mismanagement by the government.

It is an absurd proposition that we would look to put groundwater at risk, and irreversibly impact upon the Pilliga Forrest for a small amount of gas, that will have a net zero impact on the price of gas for consumers.

If the government were serious about the price of gas for consumers, they would invest in developing a domestic gas reservation policy that looked after Australian consumers first.

Cost of Narrabri Gas

Anyone who understands markets will know that industry will be attracted to where the gas is cheap, not where the gas is expensive. According to an estimate from the Australian Energy Market Operator (AEMO), the cost at the Narrabri wellhead is \$7.25 a gigajoule, before it is piped anywhere, which is not cheap energy. This price is twice as expensive as gas that is currently available in Western Australia.

There is also no binding and priced off-take agreement for industry to set up to use that gas. Which, if this was an attractive option for industry, should be in place if we are serious about looking at industry off the gas at Narrabri.

I have publicly challenged anyone to show me how the Narrabri Gas Project, with an estimated wellhead price of \$7.25 a gigajoule, can give anyone lower energy prices or attract industry. I have not received an answer. No one has shown me that it will be economically beneficial in terms of energy costs for Australians.





Misleading economic assessment

The Santos Environmental Impact Statement for the Narrabri Gas Project includes a benefit cost analysis prepared by GHD that states that the net present value of the Narrabri Gas Project is \$1.54 billion and that the Project is expected to generate approximately 1,300 jobs during construction and 200 jobs across the entire Santos group during operation.⁴

Analysis by The Australia Institute has shown that the benefits of the Project are heavily overstated, while costs are understated⁵.

It is extremely concerning to hear public statements from the NSW Government misrepresenting the benefits of the Narrabri Gas Project to the community.

A report by The Australia Institute based mostly on gas industry-funded research found that local businesses in unconventional gas regions in Queensland believe that gas development led to deterioration in their finances, local infrastructure, social connections and labour force skills⁶. History and experience in Queensland shows us that when regional towns become service centres for the gas industry, existing businesses often lose their skilled staff, have to compete with inflated gas industry wages and face higher costs for rent and services. Workers work long shifts in self-contained camps and have little opportunity to spend money locally, and companies often bypass local suppliers.

There are many parallels that can be drawn between the towns in Queensland and Narrabri, we must learn from the Queensland experience. As the local Member of Parliament, I cannot stand by and support a project that has the potential to destroy the vibrant communities, agricultural industry, and ecological sites in the Narrabri Shire and surrounds.

Salt disposal

If approved at peak production the Narrabri Gas Project would need to dispose of tens of thousands of tonnes of salt per year. Disposing of salt from the Narrabri Gas Project in regular landfill as is the current plan is not a long-term sustainable solution, you bury problems for a future generation to deal with. The results of which could be catastrophic for the environment including groundwater.

Remarkably, there is no detailed analysis of the content of the reverse osmosis

⁴ GHD. (2016, August). *Narrabri Gas Project - Environmental Impact Statement Agricultural Impact Statement*. NSW Government Major Projects Planning Portal. <https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSD-6456%2120190228T035900.958%20GMT>

⁵ The Australia Institute. (2017, May). *Narrabri Gas Project*. The Australia Institute. https://www.tai.org.au/Narrabri_Gas_Project

⁶ The Australian Institute. (2015, November), *Be careful what you wish for*. The Australian Institute. <https://www.tai.org.au/content/be-careful-what-you-wish>





offtake and no detailed plan of traffic movements and the safe disposal of this by-product in the Environmental Impact Statement.

Closing remarks

The risks are present, but the solution to errors and mistakes are not when it comes to the Narrabri Gas Project.

The industry will argue that the risk in this Project are small, however I place on the record that while the risks are small the potential impacts will have consequences for successive generations. The mining sector has a tried and true risk assessment saying – What's the risk of this occurring? What's the consequence if it does? My view is the risk of aquifer damage is moderate to high and the consequences are catastrophic and irreversible. The mining sector would say don't do it.

We may see irreversible damage that will in turn see the end of domestic supply, irrigated agriculture, and stock water during drought in the region. There is a very real possibility we cut off the lifeline of water to communities.

Roy Butler MP
Member for Barwon

Dated 31/7/20.

