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To the Commissioners

Office of the Independent Planning Commission NSW

Level 3, 201 Elizabeth Street

SYDNEY NSW 2000

Re: New South Wales CSG - Narrabri Coal Seam Gas Project

Dear Friends

I live in Port Kembla, far from the projected Narrabri coal seam gas field, but from my house I look down the hill towards the site of the planned LNG terminal recently embraced by the NSW state government. As natural gas has thus become a local topic of discussion, I have tried to inform myself why it is such a contentious issue. This has led me to investigate the matter and write a submission to the current IPC hearing on the Santos Narrabri gas project.

Other submissions have opposed the project on the grounds of its adverse effects on environment, water, degradation of farming land and the Dark Sky Park, Australia's carbon emissions/climate change and Aboriginal heritage. The arguments they put seem well-founded and if it were only because of these issues, I would agree that the Santos Narrabri gas project should not proceed.

Here, however, I state my objection to the project on the grounds of, as I see it, its economic short-comings and the anti-democratic nature of the activities both from Santos and Federal/NSW governments.

The main arguments put forward in favour of coal seam gas extraction from the Pilliga State Forest and adjacent grazing lands are the presumed economic benefits for Australia. But these arguments do not seem to add up. Increasingly, doubt is even being cast on the viability of the project for Santos itself. According to *The Financial Review*, Santos claims that its planned 850 coal seam gas wells will supply the domestic market for at least 20 years.¹ Yet Bruce Robertson from the Institute for Energy Economics and Financial Analysis (IEEFA) has been quoted by the ABC as suggesting that the Narrabri project is redundant now that

planning approval has been granted for an increase in capacity at the Port Kembla gas import terminal. This is estimated to meet about 75 per cent of the state's gas needs. Moreover, Santos' relative production costs are apparently too high. "It's approximately twice what any other project is on the east coast of Australia," Mr Robertson said.²

Assuming this is true, one might fear that, after having wreaked its damage on the environment of the Pilliga, Santos might cut its losses and abandon the project. The statistics in favour of Santos continuing mining there give reason for caution. A study by Associate Professor David Laurence, of the UNSW School of Minerals and Energy Resources Engineering has found that between 1981 and 2009, 75% of mine closures were either premature or unplanned and that 44% of mine closures were caused by economic factors (i.e. costs, receivership and markets.) This is in marked contrast to the mining industry's general portrayal of the benefits of mining for the Australian community, and their projection of an image of mining which does not mention the impact, scale or financial liability of failed mine closures.⁴

The reasons why mining companies are not better able to predict the profitability/viability in their planning -- and presumably in this regard act in the best interests of their own shareholders -- is a matter that I am not qualified even to speculate on. Nevertheless, the record speaks for itself.

One of the much-vaunted benefits of mining is inevitably the injection of cash into a local region through the creation of employment. Santos has variously suggested that their Pilliga project would create 1,500 or (more recently) 1,300 jobs during construction and 200 jobs during operations plus, of course, indirect jobs. And yet this appears to be a "benefit" strongly rejected by a significant number of those who live in and around the Pilliga. According to the Wilderness Society, ongoing community surveys have found that 96% of landowners covering over 3.2 million hectares surrounding the Pilliga reject CSG. Even if these surveys were to be biased -- and the figure of 96% is a pretty amazing claim -- there is other evidence which backs it up. Indeed, in 2014 a number of local farmers were arrested for chaining themselves to equipment in an attempt to stop the imposition of gas exploration in their district.³ In 2017, 98.7% of 23,000 submissions (including those from outside the area, of course) opposed Santos' Environmental Impact Statement. Most significantly, five of the six local councils within the Santos exploration leasehold region have passed resolutions against coal seam gas. And on December 12, 2017, in the midst of severe drought, *The Northern*

Daily Leader reported, “More than 400 people from properties and communities along the proposed coal seam pipeline have vowed to “vehemently oppose” Santos’ Pilliga project and to block the pipeline “at any cost”. Curiously (and I don’t know what to make of this) the Australian Bureau of Statics recorded in 2016 that in most of the towns surrounding the Pilliga, median household mortgage repayments were 10 to 20% higher than median household incomes, suggesting a certain degree of financial stress and vulnerability to Santos’ promises.

The point I am making is that a considerable proportion of the people who seemingly would benefit most from the economic benefits promised by the Santos Coal Seam Gas project have rejected it. Perhaps to them, a 20 year life span for 200 jobs, even if this proves to be an honest estimate and does come to pass, is rather slight. Especially for those who have been on the land for generations. Personally, I believe it is an outrageous proposition given that it offers such a small amount of employment for such a short time, Moreover, according to Bruce Robertson writing in the *Sydney Morning Herald* (February 7, 2020) Prime Minister Scott Morrison and NSW Premier Gladys Berejiklian plan to subsidise increases in the current level of gas production through a total of nearly two billion dollars in grants or loans. In announcing this deal, Morrison claimed that Santos gas was “critical” to increasing Australia’s energy supply and that we need the gas to lower domestic power prices and reduce emissions.

What’s wrong with that statement? In terms of emission reduction, the story is not as good as first suggested and, moreover, Australia’s power system has, Robertson says, “leapfrogged gas. Our energy sector is slowly transforming ...to one increasingly reliant on deflationary, clean, renewable energy. In just five years, power generation by renewables has almost doubled while gas demand has fallen by 41 per cent. Put simply, renewables have increased their share of power produced, while gas has seriously lost its base.”

Morrison’s claims for Narrabri’s gas are on a par with his brandishing a lump of Minerals Council coal in the House of Representatives, jokingly admonishing us not to be afraid – that is, it’s patent idiocy. Lowering gas prices by producing more coal? Since 2014, as gas production has tripled on the east coast of Australia, prices have also tripled. Australian consumers are paying more so that gas producers can export their low-priced gas. The Australian consumer would be effectively subsidising the gas companies as producing high-cost gas from Narrabri will not and cannot bring down the cost of gas for domestic customers. One might

further consider what nearly two billion taxpayers' dollars could bring to the clear skies of the Pilliga in the way of long-lasting solar power generation.

Some might say that corruption is involved when government decides against the evidence and the local opposition to support big miners such as Santos. The government's armoury to push this through goes well beyond legislation to hearings and public consultations whose outcomes are heavily weighted by the political nature of appointments to our public boards and commissions. I hate to think that public inquiries might be merely a façade of democracy within a rotten system. And yet, what should we call it when, according to the Australian Electoral Commission, donations for the 2017-18 tax year from Santos to state and federal Coalition parties totalled \$96,473 and in 2018-19 they were \$78,854. Some of these donations are paid as memberships and subscriptions to business forum and observer programs in exchange for access to events, special policy briefings and boardroom meetings. And the ALP is in on the racket at a similar scale.

In this game those who oppose coal seam gas mining in the Pilliga can never hope to achieve a level playing field – not even when the field is their own back yard. And yet, I'm not convinced that justice and science are doomed to lose. Human nature being what it is, sometimes public campaigns make such good moral sense to those who would wreak havoc on the earth that even wreckers open their eyes to the fear and greed which drives this system and refuse to play their part.

¹<https://www.afr.com/companies/energy/santos-has-work-cut-out-to-deliver-narrabri-gas-20200616-p55300>, 17-06-20

² <https://www.abc.net.au/news/2020-04-21/controversial-narrabri-gas-project-may-no-longer-be-necessary/12168130>)

⁴ Laurence, D (2001) Establishing a Sustainable Mining Operation: an overview, *Journal of Cleaner Production*, cited in Roche, Charles and Simon Judd, *Ground Truths: Taking Responsibility*, undated publication for Australia's Mining Legacies, Mineral Policy Institute

³ <https://www.abc.net.au/news/2014-04-07/farmers-disrupt-pilliga-csg-project/5371228>