

NSW Independent Planning Commission  
Level 3, 201 Elizabeth St  
Sydney, NSW 2000

## **Supplementary submission regarding new material on the Narrabri Gas Project**

### **Introduction**

This letter contains a supplementary submission to the Commission regarding the additional material supplied by the Proponent and DPIE on 10 Aug and 14 Aug 2020 respectively. This submission should be read in conjunction with my earlier submission to the Commission, dated 10 Aug 2020.

I wish to register my continued strong opposition to the Narrabri Gas Project. I submit to the Commission that the additional material produced by the Proponent contains the same deficiencies outlined in my previous proposal and consequently does not meet the minimum requirements for the economic assessment of a coal seam gas project.

Accordingly, I submit that the impacts of the Project are not able to be assessed at this time and that the Commission should refuse to issue a consent.

### **Expertise and qualifications**

I am a consultant urban and regional planner, specialising in strategic planning and economic analysis. My professional experience has led to me developing expertise in the appraisal of economic and social consequences of planning decisions and their resultant impacts on communities throughout NSW.

I hold a Bachelor of Planning (Honours Class 1) from the University of NSW and I will soon be commencing a PhD in urban and regional planning at the same institution.

I will note that the views expressed in this submission are my own professional opinion and should not be taken as reflecting the views of my employer or any associated institution.

### **New material submitted to the Commission**

The Proponent's additional material includes:

- A submission from Santos, providing a response to a number of concerns raised as part of the Commission's public hearing (Santos Ltd. 2020).
- An updated economic analysis, attached at Appendix A to Santos's submission. This document will be referenced herein as ACIL Allen Consulting (2020).
- An opinion from Richard Lancaster SC regarding the application of the principles of ESD, attached at Appendix B.

The Department's additional material consists of a single document which contains a series of responses to questions posed by the Commission (NSW DPIE 2020a).

The additional material from both the Proponent and the Department contains content in regard to the concerns raised about groundwater impacts. While I have reviewed this material, I will note that it does not contain sufficient information to address the concerns I raised in my previous submission. Consequently, I wish to register no change from the positions set out in my previous submission in this regard.

The primary focus of this supplementary submission will be to address the continuing deficiencies of Santos's economic assessments, in this case being the updated analysis produced by ACIL Allen Consulting (2020), dated at June 2020.

The updated analysis represents a departure from the previous work comprising Santos's economic assessments in two areas. Firstly, an analysis of the eastern Australian gas market is conducted, including an assessment of the impact of the Project on gas prices. Secondly, revised versions of the macroeconomic impact assessment (conducted via CGE modelling) and the cost-benefit analysis (CBA) have been submitted. In the CBA, the only assumption to be changed from the previous economic assessments was a reduced capital cost of the project, resulting in an increase in the benefit-cost ratios for the project (ACIL Allen Consulting 2020, pp. 25-32). Labour market constraints used in the CGE modelling were also relaxed, resulting in higher indirect economic impacts resulting from the project (ACIL Allen Consulting 2020, pp. 33-37).

While I would not be surprised if other members of the public or organisations make submissions to the Commission disputing the veracity of these assumptions, I will avoid discussion of these changes and instead focus on what I see as a more fundamental flaw in the revised analysis.

Specifically, the revised analysis continues to be noncompliant with the NSW Guidelines for economic assessment of coal seam gas projects, as I will indicate in my submission below, and as a result, the findings of the revised analysis are irrelevant to the Commission's evaluation of the project.

#### **Timing of the guidelines and economic analysis (including additional analysis)**

I have provided an introduction to the Guidelines for the Assessment of Mining and Coal Seam Gas Proposals (NSW DPE 2015) and their supporting Technical Notes (NSW DPIE 2018) in my previous submission, and will not be reproducing that in this supplementary submission.

In my previous submission I noted that while the Project's EIS and its supporting analysis were completed prior to the release of the Technical Notes in 2018, supplementary analysis was conducted by ACIL Allen Consulting (2018) as a result of Dr Fisher's review of Santos's economic assessments (Fisher 2017, 2018). This supplementary analysis was completed after the release of the Technical Notes in 2018 and should have been updated to reflect their provisions.

The fact that Santos has now submitted a revised version of both their macroeconomic analysis and CBA eight on two years after the release of the Technical Notes reinforces the point I made in my earlier submission that the Proponent has had ample

opportunity to incorporate this part of the Guidelines into their analysis, were they interested in doing so. The most recent update to the Project's supporting economic analysis (ACIL Allen Consulting 2020) has again demonstrated the same non-compliance with the requirements set out in the Technical Notes that I have detailed in my previous submission. Given that producing analysis which complies with these guidelines represents the "minimum standard for economic assessment" (NSW DPE 2015, p. 6), this is not a trivial omission.

In the Department's new material submitted to the Commission (NSW DPIE 2020a, pp. 4-6), they again state their recommendation for the Project's approval, including reference to the purported economic benefits of the Project, as detailed in their Assessment Report (NSW DPIE 2020b). This constitutes a continuation of the Department's reliance on analysis which does not meet the minimum standards set out in their own Guidelines. As a result, I will note that the Department has also had ample opportunity to raise the issue with the Proponent and have it addressed by requiring them to provide analysis which meets the requirements of the Technical Notes.

I again submit to the consideration that Guidelines should have been applied in the completion of any economic analysis of the Project, and that the Commission should adopt these guidelines as a model for best practice assessment of mining and coal seam gas developments, irrespective of whether they have actually been incorporated in the material supplied by the Proponent and the Department.

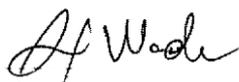
#### **Noncompliance with the assessment guidelines**

As I have noted above, the new material submitted to the Commission contains the same points of non-compliance with the Guidelines as I had detailed in my previous submission. As a result of this, I will not be reproducing that discussion again herein and will instead refer the Commission to my previous submission, wherein the points of noncompliance I have raised can be taken as being extended to the updated economic assessment supplied by Santos on 10 Aug 2020.

As a result of this noncompliance, I again submit to the Commission that Santos's economic assessments (including the new material provided to the Commission) does not meet the minimum standard required for the economic assessment of the proposal. Consequently, the results of this new analysis should also be set aside in the Commission's evaluation of the proposed development.

I maintain the position that the Commission (and the broader public) is not able to fully consider the merits and risks of the Project, including its social and economic impacts. Consequently, I submit that the Commission should refuse the project.

Yours Sincerely,



Reg Wade

**List of references:**

- ACIL Allen Consulting 2018, *Narrabri Gas Project - Economic Impact Supplementary Report*.
- ACIL Allen Consulting 2020, *Narrabri Gas Project - Update of the Economics*.
- Fisher, B.S. 2017, *Narrabri Gas Project (SSD 6367) Assessment Report - Appendix H2 - B - Economics Expert Advice Appendix*, Sydney, NSW, viewed 6 Aug 2020, <<https://www.planningportal.nsw.gov.au/majorprojects/project/10716>>.
- Fisher, B.S. 2018, *Narrabri Gas Project (SSD 6367) Assessment Report - Appendix H2 - A - Economics Expert Advice*, Sydney, NSW, viewed 6 Aug 2020, <<https://www.planningportal.nsw.gov.au/majorprojects/project/10716>>.
- NSW DPE 2015, *Guidelines for the Economic Assessment of Mining and Coal Seam Gas Proposals*, Sydney, NSW.
- NSW DPIE 2018, *Technical Notes supporting the Guidelines for the Economic Assessment of Mining and Coal Seam Gas Proposals*, Sydney, NSW.
- NSW DPIE 2020a, *DPIE Responses to IPC Questions*, Sydney, NSW.
- NSW DPIE 2020b, *Narrabri Gas Project (SSD 6367) Assessment Report*, Sydney, NSW.
- Santos Ltd. 2020, *Submission to IPC following public hearing*.