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Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021

Oil and gas exploration and production in the Beetaloo Basin, with particular reference to the Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021, which provides public money for oil and gas corporations.

Thank you for the opportunity to submit to the Senate Enquiry on this very important issue.

The Beyond Gas Network is a recently formed place-based network of a number of Climate Action networks in Melbourne's east and southeast. It comprises over 30 organisations. It has come together, in part, to inform citizens about the federal governments 'gas fired recovery'. The massive scale of these developments across Australia as mooted in the Five Basins Plan is little understood in our communities, even though members of the federal government who hold seats in our communities are carrying out the plans in our names. One of our goals is to inform citizens within our communities of the scale and impacts of these projects. Our network continues to expand from its original base and has links to Western Australian, Northern Territory and NSW networks.

In the past nine months we have conducted 3 national webinars, *The Gas Fallacy: why we need a renewable led recovery for our climate, health and economy*; *Australia's low carbon opportunity: Q&A with Professor Ross Garnault*; and *Big New Gas, Big Mistake*. These webinars each have had audiences of 600 participants from communities across Australia Spokespeople from Indigenous

communities in the NT, farmers from Narrabri in NSW and key environmentalists from WA have presented in our webinars as have former chief scientist Penny Sackett and International climate experts.

We welcome the fact that a majority of Senators have taken the Senate's role seriously, as a house of review, in order to conduct this inquiry.

We look forward to the committee recommending that because of the multiple deleterious impacts subsidising gas drilling in the Beetaloo Basin will have, the Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021 should be voted down on August 4.

Our fifteen reasons for our call for the Committee to recommend that the instrument be disallowed are as follows.

1. The Instrument is not in accord with the object of the governing Act, is in truth in opposition to it and thus to the will of Parliament

The object of the Act is to position Australia as a leading innovation nation.... Gas extraction by fracking is old technology, and its use and gas extraction itself is damaging to Australia's international reputation as a leading innovation nation

2. The increased use of delegated legislation to advance Government policy is subversive to the role of Parliament, especially to the role of the Senate as a House of review

This instrument is arguably the most egregious example of this trend of the government using delegated legislation to bypass the proper role of Parliament. The government could have brought a Bill and allowed proper debate in full public gaze. Instead, Members had to bring a disallowance motion in order for this matter to be considered by Parliament.

3. The program is lacking in appropriate probity

The grant program offers grants as high as \$7.5 million per well and allows each entity that applies to apply for 3 wells - for a total of up to \$22.5 million in public funds. Despite this substantial offering of public money, the program has no competitive basis, refuses to apply merit reviews, is already in force regardless of ongoing Parliamentary scrutiny and public concern, and offers almost no transparency regarding the grant applications.

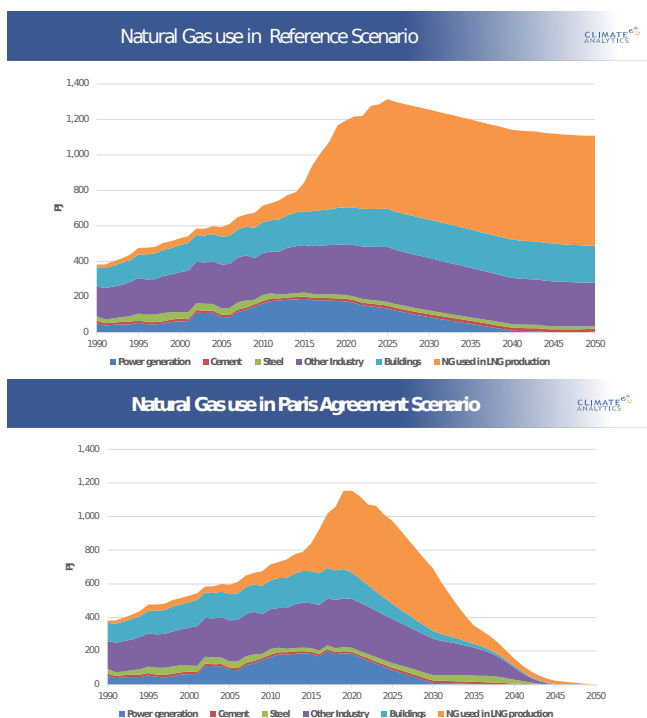
We look forward to the committee recommending that because of the multiple deleterious impacts subsidising gas drilling in the Beetaloo Basin will have, the Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021 should be withdrawn or disallowed.

4. The Climate Crisis will be intensified by gas extraction

Given the intensifying global climate crisis our view is that no new fossil fuel exploration or production licences should be given by any Australian government, including for gas exploration and production. As Climate scientists in Australia have made clear

any new fossil fuel development – coal, oil or gas – is incompatible with the goal of the 2015 Paris climate agreement that aims to limit the rise in global temperature to well below 2.0°C above pre-industrial levels and to make every effort to limit the rise to 1.5°C. Australia is a signatory to the 2015 Paris climate agreement, and thereby has pledged to do everything it can to do its fair share to meet these global targets. Professor Will Steffen Scientific inquiry into Hydraulic Fracturing in the Northern Territory (Pepper Inquiry)

Bill Hare, founder of Climate Analytics, represents a business as usual ‘reference scenario’ for global LNG (the orange part of the graph) in upper graph and a scenario for LNG which would comply with the Paris 1.5 target in the lower graph. Gas production will have to be drastically reduced.



In February 2021 The United Nations Secretary General in a briefing to member states said

Financing for coal and other fossil fuels abroad must stop and be redirected towards [the clean energy transition](#).

Even more recently, in May 2021, the [International Energy Agency](#) has called for

no investment in new fossil fuel supply projects, and no further final investment decisions for new unabated coal plants. By 2035, there are no sales of new internal combustion engine passenger cars, and by 2040, the global electricity sector has already reached net-zero emissions.

Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway, and no new coal mines or mine extensions are required. The unwavering policy focus on climate change in the net zero pathway results in a sharp decline in fossil fuel demand, meaning that the focus for oil and gas producers switches entirely to output – and emissions reductions – from the operation of existing assets.

Rather than opening new gas fields all Australian governments should be planning for a rapid transition to a future based on renewable energy.

The Beetaloo Basin should not be opened for shale gas extraction. Nor, especially, should the federal government encourage and support the opening of the Basin by providing subsidies to corporations to accelerate gas production from the Basin. The instrument that is now before the Senate should be voted down by senators and withdrawn by government

5. The scale of the Proposed Beetaloo projects and impact on Australia's Paris commitments.

The Australia Institute has estimated that if the Beetaloo Basin was fully exploited it would be the equivalent of 50- 130 coal power plants running for 40 years. *Australia Institute submission 638, Scientific inquiry into Hydraulic Fracturing in the Northern Territory.*

To put this differently:

With up to 500 trillion cubic feet (TCF) of prospective resources located in the NT... This is equivalent to over 527,000 PJ - 1,000 times the current annual domestic consumption in Australia or the amount of energy required to drive a car 483 million kilometres.) Deloitte Report on the Development of the Beetaloo Sub- basin For the Commonwealth Department of Industry, Science, Energy and Resources November 2020 p 23

Another description of the scale of the proposed new projects states

the potential global greenhouse gas emissions from NT shale oil and gas could be approximately 4 to 7 times larger than the potential total emissions from the Adani coal mine Tim Forcey, submission to Scientific Inquiry into Hydraulic Fracturing in the Northern Territory

Opening the Beetaloo Basin to gas production risks substantially increasing Australia's domestic greenhouse gas emissions more than enough to undermine Australia's existing inadequate greenhouse gas emission commitments to the Paris Agreement. Further, emissions from the Basin would negate the positive policies of NSW, Victoria, and South Australia in reducing greenhouse emissions. Moreover, if exported emissions from gas exports from the Basin are included this could amount to up to 22% of Australia's current emissions at 117m tonnes annually (ABC, Background Briefing, Feb 29,2020

As is apparent in the lead to the next COP meeting in Glasgow, the Australian government is under international and domestic pressure to increase its emissions targets. However, if Australia's emission targets were increased to be comparable with those of other leading nations, that would make extracting and burning the gas of the Beetaloo Basin an impossible barrier to meeting those commitments.

In the climate crisis we face it is negligent, to say the least, for the Australia government to be encouraging the acceleration of a massive new shale gas field that would dramatically increase Australia's greenhouse gas emissions.

Could emissions be offset?

The Northern Territory Government's Scientific Inquiry into Hydraulic Fracturing in the Northern Territory concluded

...the residual risk (after mitigation of methane levels) of life cycle GHG emissions remains either 'medium' or 'high', and this is unacceptable. (p. 240)

While the report suggested 'offsetting' the unacceptable GHG emissions, it noted that how this offsetting could occur 'was beyond the scope of the inquiry'. However, there can be little confidence in any claim that emissions can be adequately mitigated. The Western Australia Gorgon plant, taken by the federal government to be an exemplar of mitigation, defied contractual obligations to mitigate its emissions for years without censure and its efforts to sequester emissions continually breakdown. Carbon capture and storage remains after decades of promotion by the fossil fuel industry as an answer to greenhouse gas emissions, as a failure and moreover a means of prolonging the [indefensible](#): the Gorgon project has captured just [a third of the pollution](#) removals required.

6. A law to subsidize the climate crisis opens the Commonwealth to negligence claims

The recent judgement of the [Federal court](#) clarifying that the Commonwealth Minister has a duty of care to children for actions that impair the climate, is also very relevant here. Providing funding to corporations to create a shale gas industry in the Northern Territory and thereby potentially increasing Australia's emissions by 5%, as well as damaging water tables and the availability of fresh water to children and communities will justifiably open the federal government to negligence claims. In May a Netherlands court ordered Shell to cut its emissions by 45% by 2030, against 2019 levels.

7. The new gas is not needed in the eastern States

In the same House of Representatives Speech on this instrument the Minister for Industry said that people in the southern states would not like their gas cut off - suggesting that gas from Beetaloo would be piped to the Southern states. But in fact as [AEMO points out](#) there will be no gas shortage in the eastern states. People and governments in Victoria, ACT, South Australia and NSW, attuned as

these states are to the fact we are facing a climate crisis, are introducing policies and strategies to transition their citizens from gas to electricity.

8. Assessment of potential impacts before exploration is essential

A key point that *NT citizens facing existential* threat of fracking argue is that the assessment of the impacts of fracking should occur prior to any exploration proceeding

Key stakeholders to the inquiry do not want to see another frack well built, another pad cleared, another waste water pond constructed until these critical assessments of our unique landscapes and water resources are complete.

To allow these two activities to proceed alongside each other, instead of a clear requirement for baselines and regional studies to be completed first risks further landholder and community conflict with the gas fracking industry as it attempts to roll its frack rigs into those regions right through the loopholes the report in its current form allows for. Submission Scientific inquiry into Hydraulic Fracturing in the Northern Territory on behalf of Frack Free Alliance by Laureen Mellor.

The NT Environmental Defenders Office has detailed the complexity and the limitations of the legal architecture around the issues of obtaining consent for mining on Aboriginal land, and sets out the issues in the following terms: Mining on Aboriginal land under the Aboriginal Land Rights (Northern Territory) Act in the Northern Territory is subject to additional laws. These laws give traditional Aboriginal owners the right to refuse access to their land and the right to refuse consent to exploration activities on their land.

The laws apply at the start of the mining process. This is at the exploration stage. A right to explore cannot be granted unless the traditional Aboriginal owners consent under the process set out in the Aboriginal Land Rights (Northern Territory) Act.

The Minister for Mines and Energy cannot consent to mining on Aboriginal land unless the mining company already holds a right to explore.

This means that traditional Aboriginal owners have the right to say no to exploration and mining on their land, but consent can only be refused prior to any application for an exploration permit being made. If consent to exploration is granted, there are no legal rights for traditional Aboriginal owners to [refuse consent to mining](#).

In essence, once permission to explore is granted, the rights to withdraw consent or to seek conditions have been waived.

In the Beetaloo case, the communities within the Beetaloo Basin exploratory area claim that Origin is carrying out exploratory drilling under exploration permits granted 15 years ago to other companies, and which have since been assigned to Origin.

These original permits would have been provided through negotiations between the Northern Land Council and the original mining companies which have no further interest or involvement in the present situation.

In September 2020 native title holders from 11 determinations of native title in the Beetaloo sub-basin convened a large meeting at Daly Waters, and in the following month registered with the Office of the Registrar of Indigenous Corporations as the Nurradalinji Native Title Aboriginal Corporation; the name Nurradalinji is an Alawa word meaning mixed tribe, signifying that their membership is drawn from a wide area and several different language groups.

The Corporation is in dispute with the Northern Land Council (NLC) which supports the exploration and proposed mining development. It seeks to replace the NLC as the prescribed Body Corporate for the Beetaloo sub-Basin. It claims that 15 years ago there was no understanding of the fracking process and the implications for aboriginal communities, and whatever agreement was reached between communities, the Land Council and the mining companies cannot be considered as valid. Since the original permits were granted, a more complete understanding of fracking and its potential impacts on native land has developed. The Corporation claims that Origin Energy is hiding behind the NLC, and that they have no understanding of the extent of Origins plans and what they mean for the Basin communities. It further claims that the NLC continues to support Origin without consultation and against the wishes of the majority of people within the Basin communities (Submission to the Joint Standing Committee on Northern Australia, Inquiry into the Opportunities and Challenges of the Engagement of Traditional Owners in the Economic Development of Northern Australia, Nurradalinji Native Title Aboriginal Corporation,(April 2021) .

9. Native title landowners' cultural heritage is not being properly considered

Under the Land Rights Act, the term “traditional Aboriginal owners” is defined as “a local descent group of Aboriginals who (a) have common spiritual affiliations to a site on the land, being affiliations that place the group under a primary spiritual responsibility for that site and for the land; and (b) are entitled by Aboriginal tradition to forage as of right over that land.” (Pepper Inquiry, sect 11.2.1.3)

This definition clearly states the connection and responsibilities Aboriginal owners bear in relation to the land they are custodians for across generations. It requires the ongoing maintenance of biodiversity and ecological systems, and in turn guarantees food, medicine and community to the native owners. Under the land Rights Act the traditional owners can negotiate with prospective mining companies and are able to stipulate areas where development can take place and how it should be carried out, and other areas where it is prohibited.

But the original permits, granted through the NLC 15 years ago, could not have foreseen the issues now confronting the Beetaloo communities, where hundreds of wells are to be drilled without any capacity for the local communities to exercise any control or discretion in the way these activities will be carried out. Of particular significance are the groundwater systems, which are extensive across the Sub-Basin, linking different communities and which are fundamental in terms of supporting continuing connection with traditional lands. For the local

communities, the spectre of fracking's potential impacts on both surface and groundwater systems are of critical importance. Many water sources and water bodies, both surface and groundwater systems are considered sacred sites; Aboriginal people attribute fertility and community health to the health and ceremonial maintenance of sacred sites.

It can readily be seen that the current situation places the Nurradalinji Corporation in an invidious position. They were not directly involved when the original permits were issued and at present have no formal standing in the interactions with Origin about exploration and production development.

The Pepper Inquiry made many important recommendations concerning the issues of informed consent and the requirement that communities are able to fully understand all the implications of fracking processes before any exploration permits are granted. At the time the NLC represented the local communities. It is unclear at present whether the Nurradalinji Corporation can assume a more central position in respect of ongoing interaction with Origin Energy.

Given the vital significance of water resources to the Beetaloo communities, the completion of the Strategic Regional Environmental Baseline Assessment (SREBA) will be of central importance; the local communities consider it to be the critical core of the Pepper Inquiry. It has the foundational responsibility of understanding the status of the water systems especially the groundwater systems, about which little comprehensive research has been carried out. Developing detailed research about the risk that hydraulic fracturing could present to these systems will be critical in ongoing decision making about the Beetaloo.

The NT government has committed to complete the SREBA before any production commences, and by 2022 in any case. Local community groups are hoping that the detailed mapping and understanding of the groundwater systems will lead to new information showing that allowing production would represent an level of risk that could [not be tolerated](#). However, the federal government both through the instrument before the Senate and through the proposed MOU (see below) could undo even these flimsy protections.

10. The instrument would be a means of weakening an already weak proposed regulatory framework

The regulatory Framework for the treatment of land and water by any Gas Corporations proposed in the recommendations of the Northern Territory inquiry is already flawed and inadequate. Nor do affected citizens and community members have confidence in the proposed regulatory regime based as it is on Canadian and US experience that has been shown to not work:

We urge the Panel to ensure that its final report provides no justification for exploration to proceed further until the regulatory reforms are implemented, and the studies required are complete.

Trust in any new regulatory system and its enforcement needs to be built over time and the work of this panel in offering improvements to the system stands to be lost by allowing a headlong jump into exploration before these conditions are met. Submission Scientific inquiry into

Yet the whole point of the Federal Government's Beetaloo Strategic Basin Plan and the subsidies made possible in the Instrument is to speed up the exploitation of the Basin presumably by passing or cutting short such prior assessments. The plan for a 'refreshed' MOU between the Federal and State government where 'roadblocks and ways to remove them' will be the target of gas corporation and government discussions further reinforces this interpretation. This "roadblock" removal means dismantling the slim protections that the Northern Territory Government has put in place. Protections that currently are the only defences that stand between communities their land, water and country, and the existential threat posed by the mining corporations' gas projects.

However, despite the many and detailed arguments in submissions to halt fracking to Northern Territory Inquiry by people facing devastation of land water and country, the federal government Beetaloo Basin plan summarises the inquiry as follows

The latest and best-available scientific data from a wide range of sources informed the inquiry. It found that stakeholders could manage any challenges and risks associated with unconventional gas development.

Such a blatant distortion is a chilling sign of what the federal government's attitude and role would be if the instrument were to become law.

11. There are few jobs to be gained

In his parliamentary speech to justify the opening up of the Beetaloo Basin, the Minister for Industry claimed that 6000 jobs will be created. However, these figures are contradicted by those of experts.

Even in very conventional economic terms the jobs created in gas in NT have been assessed by consultants for the Territory government to be very low

This equates to between 82 FTEs, 252 FTEs, and 524 FTEs of net employment growth in each year on average. This includes indirect employment generated by the local spending of the industry. While modest in the context of the overall Northern Territory labour market, this represents the capital intensive nature of the shale gas industry and modelling assumptions Submission commissioned by the Pepper Inquiry, ACIL Allen Consulting The economic impacts of a potential shale development in the Northern Territory, October 2017

And as Mark Ogge from the Australia Institute points out

Of further consideration is the fact that the fracking industry has a proven track record of job displacement from other sectors. A fact which is only partially analysed in the economic impacts section of the draft final report

12. Gas does not pay its way

Research published by the Australia Institute in May 2020, drawing on NT Budget Papers, showed that over the last decade \$94 million in subsidies and assistance measures have benefited the industry.

The onshore oil and gas industry is a leaner, not a lifter in the Northern Territory,” said Rod Campbell, report author, economist and Research Director at The Australia Institute.

“Territory taxpayers pay far more to the onshore oil and gas industry than they receive from it.

“This was a finding of the NT Fracking Inquiry and this research puts a figure on the value of this assistance – \$94 million over ten years.

“Economic analysis commissioned by the Fracking Inquiry found a ‘very high probability’ that unconventional gas in the Territory will never pay royalties. (Australia Institute, Frackers are Slackers. May 11, 2020)

13. Gas will be a stranded asset

a) International pressures on Australia’s LNG Industry

Renewables, both solar and wind, are producing electricity at lower prices than coal or gas, even with storage incorporated. Solar capacity in the NT is amongst the world's strongest; the NT was selected for the development of the Australia - ASEAN Power Link (Sun Cable) which on completion will be the world's largest solar farm and battery storage system.

b) Reduced demand from export markets

The Beetaloo gas field is proposed to come into production by 2025, around the same time as Santos's Barossa and Woodside's Scarborough fields. It can be anticipated that by the second half of this decade there will be strong international pressure to reduce gas consumption and to meet mid-term 2030 targets for emissions reductions by Japan, South Korea, China and Taiwan and India, and to replace gas with renewables. The gas corporation’s biggest customer, China, has already ordered small companies to stop imports of Australian gas and this threat hangs over the whole LNG industry in Australia; China is already looking at increased imports from Russia and Turkmenistan. In addition, Qatar is a much cheaper producer than Australia and is expanding production to over 110m tonnes annually, up from around 60 m tonnes.

c) Increasing production costs

The other problem facing Australian producers is that conventional gas fields are reaching the end of their production lives, and they are increasingly relying on CSG and shale gas (Beetaloo) which are more difficult and expensive to produce. At the same time renewables and storage are still moving down the cost curve and will be increasingly cheaper than gas.

Analysis commissioned by AEMO showed that production costs for Beetaloo could be anticipated to fall in the range between \$7.28 and \$9.87 AUD/GJ, at least twice the \$4.00 figure that the Manufacturing Working Group of the National Covid-19 Coordination Commission assessed as necessary to be competitive. These estimates do not of course take [offsets or CCS into account](#).

14. Renewables are better alternatives than gas expansion

A further report from the IEA released on July 5th stated that a rebound in global gas demand to 2024 following a record fall last year is poised to knock the world off track for a climate goal of achieving net zero emissions. The IEA said the gas industry should demand efforts to reduce emissions such as addressing methane leaks.

But none of our major exporters are taking steps to adequately reduce or offset their emissions. And in the case of Beetaloo, the Pepper Inquiry, at recommendation 9.8 stated "That the NT and Australian governments seek to ensure that there is no net increase in the life cycle GHG emissions emitted in Australia from any onshore shale gas produced in the NT".

The NT govt states that it will be introducing new offset requirements later this year. If it were to fully implement this commitment, the implications for Beetaloo are significant. Scope 1 and 2 emissions from Beetaloo could amount to 39/40 m tonnes annually, with a further 77m tonnes from scope 3 GHG's. If this recommendation is carried into operation, it will increase Australian production costs considerably. If it isn't it will add appreciably to Australia's own emissions, increasing them by 5% over current levels.

NT currently has Australia's most expensive electricity, at about \$200MWh in Darwin. Over 90% of its electricity is generated by a combination of gas and diesel. The NT has committed to a renewable target of 50% by 2030, and to zero net by 2050 but to date has not made significant progress in the shift to renewables; there is a strong need for the Territory to accelerate this transition. It aspires to become a manufacturing base for northern Australia, but it will need cheaper energy to make this a reality. And for remote off - grid locations it should be following the WA example of servicing them by a combination of solar with storage.

There are huge possibilities in the export of renewable energy from the NT. It has one of the best solar resources world wide. The world's largest solar and battery project located halfway between Darwin and Alice Springs near Elliott, which started as Sun Cable is moving to become a major ammonia exporter based on production of green hydrogen. It sees seaboard exports as providing more flexibility into a number of Asian/Pacific markets, rather than the limiting nature of a stationary cable fixed to one destination.

The Australian Strategic Policy Institute has also endorsed Australia's capacity to support other SE Asia and Pacific nations as a hydrogen/renewable energy exporter. With some of Australia's export markets having limited solar capacity, replacement of coal and gas by renewables -sourced hydrogen exports will assume more importance over this decade. And this transition fits comfortably with the NT's Hydrogen Development Strategy.

15. The gas corporations are being unduly favoured by the Federal Government

Given the alternative path of a rapid deliberate transition to a renewable future it is difficult to understand what impels the federal government to attempt to take such an unreasonable course of encouraging and proposing to subsidise a whole new field of gas exploration and extraction. Here the arguments of the Greens and independents on the links between gas corporations and the federal government help explain the otherwise inexplicable. Empire Gas [has very close ties with the Liberal Party](#), and has the largest exploration area in the NT with almost 29 million acres. The effect of this interlinking between government and corporations is that corporate interests are disguised as the public good. This is not new, but in the climate crisis we are in, it has cataclysmic consequences. Voting to make the instrument law would be voting to hand public money to corporations with literally devastating consequences for local communities and the world.

The climate crisis has moved from the concern of climate scientists and some citizens to being recognised by world institutions and governments as humanity's central existential responsibility. Yet the Coalition government, in our name, rather than putting in place a rapid transition to a renewable based future, through this instrument, is boosting and resourcing the opening of a new immense gas basin. It is obscene both for what it will mean for the climate, for the indigenous communities that rely on country for the continuation of their culture and for little if any economic public benefit. Having informed ourselves we cannot in good conscience remain silent about a law, albeit delegated legislation, being made to direct public funds to accelerate a project that will cause so much ruin. We are not a minority. 79 % of Australians' [views are in line](#) with climate science and 59% want a renewable driven Covid recovery.

We respectfully request that the Committee recommend that the Senate disallow the instrument, for the reasons outlined above.

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