

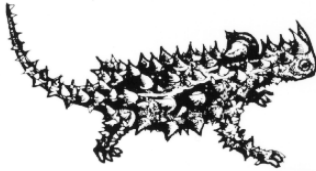
**Submission
No 15**

**INQUIRY INTO THE SUPPLY AND COST OF GAS AND
LIQUID FUELS IN NEW SOUTH WALES**

Organisation: Arid Lands Environment Centre

Date received: 29/12/2014

Arid Lands Environment Centre, Inc.



Office	18 Warburton St, East Side
Mail	PO Box 2796 Alice Springs
	NT 0871 Australia
Phone	+61 (08) 8952 2497
Fax	+61 (08) 8953 2988
E-mail	info@alec.org.au

Healthy Futures for Arid Lands and People

Arid Lands Environment Centre

Submission to the Legislative Council Select Committee on the supply and cost of gas and liquid fuels in New South Wales

December 2014

The Arid Lands Environment Centre is a regional environmental organisation based in Alice Springs, Northern Territory. For 35 years, ALEC has advocated for the wise use of natural resources in central and arid Australia and worked pro-actively to protect the arid heart of this country. The fragility of arid landscapes is often overlooked because of their rugged nature and remoteness from decision-makers on the eastern seaboard. But the heart of the country is now under threat like never before due to experimental hydraulic fracturing for shale gas throughout the Northern Territory driven by the gas export industry. This submission is being made to inform the Legislative Council of New South Wales and the parliament of the serious environmental and social concerns that are being raised in the Northern Territory by the Giles government's proposed North East Interconnector pipeline. This submission will make comment on the uncertainty of supply; lack of social license for fracking shale; environmental and economic concerns and the role a pipeline would play in driving further inequality in the Northern Territory.

Uncertainty of supply

Exploration and speculation

More than 90% of the Northern Territory is under application for petroleum exploration, with around 35% already granted. Despite the rhetoric of a gas boom, there is little more than speculation to indicate whether reserves are recoverable. Onshore drilling continues in the Amadeus, Georgina, Macarthur, Perdirka and Wiso basins. There are potentially commercial quantities of gas in the Georgina and Amadeus basins but recoverable resources are yet to be found. The shale in the Northern Territory is not the same as that in the United States and companies are already finding that well failure is a reality. A fracked well in the southern Georgina Basin fracked by Petrofrontier in 2012 was found to have failed by current explorer StatOil in 2014

(http://www.hydraulicfracturinginquiry.nt.gov.au/public_submissions_dme20140530.pdf p7). The greatest risk posed by the petroleum industry is that hydraulic fracturing is required in the exploration phase. This means that the greatest environmental risks are undertaken in the exploration phase before production begins. There is a basic requirement for an Environmental Management Plan under the Petroleum Act but it is highly simplified and does not consider the cumulative impacts of numerous fracks per well and wells across basins. The industry is being driven by speculative claims and an NT government funded spin machine keeping the community in the dark.

On-going and repeated fracking

A typical shale well is more than a kilometre down into the ground with horizontal sections continuing for kilometres. A typical shale well in the Northern Territory cuts through at least one aquifer as drills, followed by steel and cement, create a casing. The horizontal drill holes are not cased and can cut through kilometres of deep shale beds before it is fracked. In the Northern Territory,

groundwater is used with up to 20 million litres contaminated with each frack. A chemical cocktail of biocides, lubricants, degreasers, salts and a host of commercially in-confident chemicals that have not been tested is used for each frack. The true impact of the fracking cocktail is unknown and may take years until we know the full implications of this process. The challenge with hydraulic fracturing for tight and shale gas is that it requires continuous fracking to ensure continuity of supply. This increases the amount of water and chemicals used in the process with little regard for the cumulative impacts on aquifers. The fact that on-going and repeated fracking is necessary to maintain flow is one of the greatest concerns for Territorians who value our groundwater.

Unsustainable regulatory regime

The Northern Territory has the weakest water regulations in the country. This is compounded by the exemptions of mining and petroleum companies from the *Water Act* and the *Waste Management and Pollution Control Act*. The *Petroleum Act* was under review in 2013-14 with recommendations to improve the environmental management aspects of the regulatory framework. At the time of writing, these recommendations have not been acted on while petroleum exploration licences continue to be approved. Further to this, the NT Government initiated a Hydraulic Fracturing Inquiry. The highly technical inquiry was conducted by Dr. Alan Hawke. The inquiry received 263 public submissions. The Inquiry Report was submitted to the NT Government in late November 2014 and is yet to be released publicly. There are continued calls from environmental organisations and the wider public for a moratorium on the approval of exploration licences that require fracking. The Mines and Energy Minister, Willem Westra Van Holthe has refused to acknowledge concerns and has ruled out any moratorium on exploration.

The current state of water regulation in the NT is also highly questionable with the Environment Centre NT taking the NT Minister for Land Resource Management, Willem Westra Van Holthe, to court for failing in his duties in assessing water allocations in the Olloloo Basin. The outcome of this hearing will be handed down in January 2015.

The NT Government is highly supportive of the petroleum industry with \$8 million allocated over 4 years to support development of the onshore gas industry. This is being spent on PR campaigns such as the 'It's about all of us - oil and gas' (http://www.nt.gov.au/d/Minerals_Energy/index.cfm?newscat1=&newscat2=&header=Media) and hosting industry conferences and events. The NT Government is also pushing forward with a proposed gas pipeline linking the NT with export markets. The process has initiated with 11, possibly 12 companies lining up for the opportunity to formally express interest in the pipeline development. These are largely global players that have little regard for the cost of gas to Australian householders and commercial customers.

The NT Government is doing little to allay community fears about the lack of an integrated regulatory framework, adequate resourcing the compliance unit of the Department of Mines and Energy and assessing the impact of fracking on our groundwater dependent communities and ecosystems. The current approach to the regulation of the petroleum industry in the NT is completely clouded by the 'open for business' mantra. This approach is focused on the short-term investment dollars but not on the long-term health and sustainability of affected communities and landscapes. The 'crash' or 'crash through' approach is wearing thin with many Territorians and certainty for the current government is far from assured beyond the next election.

No social license

Groundwater risk

Hydraulic fracturing is a risk to groundwater and aquifers. The major risks are related to well failure; surface spills and flooding; methane, chemical and radionucleotide migration into aquifers and the increased pressure on aquifers from the cumulative extraction for each frack. Very little is known about the surface- groundwater interactions of the basins of the Northern Territory, with little independent baseline data. This opens up the opportunity for gas companies exploring in a region to

deny contamination and fugitive methane emissions as being 'natural' and 'not related to their operations'. The concern for groundwater is widespread throughout the NT with townspeople, traditional owners, pastoralists and other groundwater users expressing fears for the impact of fracking on water. The NT Government has made little progress in developing a sustainable water policy. There is little clarity as to how water is being allocated in the NT (as previously mentioned, the Minister has been taken to court by the Environment Centre NT), let alone the removal of indigenous strategic reserves - which provided water allocations for traditional owners and indigenous economic development. Water users in the NT are concerned by the lack of transparency in water allocation and the impacts of unfettered fracking throughout the NT. The NT Government has refused to acknowledge this and continues to bully its way towards its dystopian views of economic development.

Climate change - leaks, fires, increasing emissions

The Northern Territory Government does not have a climate change policy. No greenhouse gas mitigation strategies, no adaptation action plans or public recognition that climate change is in fact happening. This irresponsible policy position is being driven by an economic agenda that requires the denial of environmental impacts in order to succeed. Unconventional gas (shale, tight and coal-seam gas) are more energy and water intensive than the conventional sources of gas. The drive for unconventional gas in Australia is being driven by the export market not local demand. This means that local communities are impacted to sustain global corporate profits. The proposed pipeline connecting NT gas to the eastern seaboard is not going to contribute to the closure of coal-fired power stations in New South Wales or anywhere. The fracked shale gas would be in addition to any fossil fuel development at the cost of investment into renewable energy sources. This is a backwards approach to dealing with climate change. Fracked gas is not and will not be a bridge between dirty and clean energy sources - it is petrol on the fire of climate change.

Fugitive emissions, the risks of leaks, the risks of contamination to aquifers, the impacts on indigenous land management and their use of mosaic burning are all consequences of the development of the shale industry in the NT. A pipeline providing carriage of this gas to market will significantly impact the NT by driving the unsustainable energy further and lock-in investments in fossil fuels when we need to be looking for ways out of it. The Northern Territory is not a sacrifice zone for New South Wales or any jurisdiction. It is home to a diverse range of people, iconic landscapes and groundwater dependent ecosystems, communities and local industries. Groundwater is the lifeblood of the Northern Territory - it is our source of life for now and into the future. The supply of fracked gas to NSW or anywhere at the expense of the people and the environment of the Northern Territory is unacceptable.

No trust in government

A social license to operate requires trust. It requires people to trust their government to manage and protect the natural resources of a jurisdiction. It requires people to trust that companies operating in a region have the support of the local communities. Currently, there is very little trust in the Northern Territory Government and the fossil fuel industry it is facilitating. There is no social license for fracking in the NT.

The Northern Territory has no independent watchdog on corruption. Although the parliament unexpectedly voted for an inquiry into political donations in August 2014, it was promptly put down by Chief Minister Adam Giles. There are concerns about the integrity of the NT government in relation to groundwater allocations, the rush to approve exploration licences and development applications in the Northern Territory; and the cutting of funds to environmental organisations. Given that the attempt to introduce similar measures to the New South Wales Independent Commission Against Corruption in the Northern Territory was put down by the Chief Minister while the controversy surrounding political donations and Foundation 51 continues. It is difficult for Territorians to trust that this government is acting in the best interest of its constituents. The Memorandum of Understanding for the supply of gas to New South Wales from the Northern Territory, signed in

November 2014 creates a false sense of security for the proponents and the industry. There is no trust or integrity in the process to date and a pipeline carrying fracked shale gas will be a liability in the long-run for all parties concerned.

Iconic landscapes, cultural connections and health

The Northern Territory holds some of the jewels of Australia's cultural and iconic landscapes. Uluru Kata Tjuta National Park, Kakadu, Arnhem Land, Douglas and Daly Rivers, Watarrka (Kings Canyon) National Park, the MacDonnell Ranges and many more sacred places are at risk of industrialisation from unconventional gas exploration. These tourist and cultural icons are currently surrounded by or directly at threat of mining and gas exploration. The cultural connections of the indigenous people in the Northern Territory spans more than 50 000 years. The connection to country is continuous and on-going. Stories and songlines connecting people to the land have resulted in complex relationships related to landscapes, groundwater, hunting, gathering bushfoods and medicines, use of fire, kinship and cultural understanding. The current approach by the Northern Territory and Federal Governments in relation to aboriginal land is one of uncertainty in resourcing, undermining of institutions and the imminent threat of forced resettlement in 'growth centres'. The health of the land is dependent on people living in the landscape and continuing cultural practices, not the forced internal relocation of people into already dysfunctional communities. The potential of shale gas development in the NT is dependent on the reduction of risk to people and the environment. ALEC is concerned that the NT Government is opening up the Northern Territory under the 'Developing the North' agenda with very little consideration of the impacts on or needs of people living on country and no thought of rehabilitation or clean up.

The risks of the unconventional shale gas industry on the livelihoods of pastoralist communities in the Northern Territory are also of concern. Pastoralists, like traditional owners are not being informed of the risks by the industry. 'Household chemicals', 'safe', 'layers of concrete and steel', 'fracking for 50 years' and 'multiple wells- single pad' are all being peddled to create support for the industry. Despite this, many pastoralists are concerned about the impact of the industry on groundwater supplies and the industrialisation of the landscape. Groups have formed to research and inform landholders across the Northern Territory of the risks posed by the fracking process. Don't Frack the Territory, Don't Frack Katherine and the Central Australian Frack Free Alliance are working to ensure landholders and the wider community understand the risks to groundwater, the environment and human health. The concern is growing and the lack of industry and government transparency is uniting a diverse range of stakeholders against the process of hydraulic fracturing.

No fracking pipeline

The arid zone of Australia has the potential to produce leading innovations related to climate adaptation. Sustainable pastoralism, renewable energy, indigenous land management, resource efficiency and many other important areas of sustainable development are requirements of living in the rangelands. Desert people and those who have lived on the land for generations know that the groundwater is the lifeline for all of us living out here. The risk posed to groundwater by fracking is unacceptable.

The proposed North East Interconnector pipeline is the creation of an unelected Chief Minister who at the time of writing, has refused to release the unadulterated Report from the Inquiry into Hydraulic Fracturing in the NT; is undermining indigenous land tenure and access to water rights across the Territory; has the Minister for Land Resource Management (and Mining) in court for water licence allocations; refused to support an independent inquiry into political donations in the NT; spending taxpayer dollars on PR campaigns for the oil and gas industry and refuses to acknowledge the real risks posed by the petroleum industry in the NT.

ALEC is recommending that this Committee caution the NSW Government from supporting a pipeline connecting invasive unconventional gas fields in the Northern Territory. The proposed route through

the Simpson Desert would cut through an area of some of Australia's priceless and pristine wilderness. The impacts of constructing a pipeline would increase the spread of weeds, increase soil erosion and undermine indigenous people who are connected to this beautiful landscape. The cumulative impacts of fracking across the Northern Territory including groundwater use and potential contamination; fugitive emissions and leaks impacting on animals, plants and people (particularly with the use of fire in land management); and the contribution to climate change and global warming.

ALEC thanks the Committee for the opportunity to make a submission on this important issue related to the gas supply of New South Wales. In this interconnected and interdependent world it is important to ensure that policies consider issues in a holistic manner. The proposed pipeline from the NT to NSW is a simple solution to a complex problem. We need complex consideration of complex issues to reduce the incidence of perverse and unexpected outcomes.

The Northern Territory is not a sacrifice zone for the energy security of New South Wales or any other jurisdiction. The pipeline is not a sustainable solution to the on-going energy demand of New South Wales. There is growing community discontent with the current NT Government and the NSW Parliament would be advised to not enter into any agreements until the Report into Hydraulic Fracturing in the Northern Territory is release and its recommendations implemented at a minimum. Given the uncertainty of supply due to the lack of bankable exploration data, political uncertainty and the lack of social license - ALEC recommends that the Committee recommend against the fracking of the Northern Territory for it. Investment needs to focus on renewable and conventional sources of energy rather than marginalising vulnerable communities and exposing them to greater risk from the impacts climate change.

Thank you.

Jimmy Cocking
Director