

**Submission
No 13**

**INQUIRY INTO PETROLEUM (ONSHORE) AMENDMENT
(CANCELLATION OF ZOMBIE PETROLEUM
EXPLORATION LICENCES) BILL 2021**

Organisation: Mullaley Gas and Pipeline Accord Inc

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Submission
by the
Mullaley Gas and Pipeline Accord Inc.
in relation to the Petroleum (Onshore) Amendment (Cancellation of Zombie Petroleum
Exploration Licences) Bill 2021

Introduction

This submission is made on behalf of the Mullaley Gas and Pipeline Accord Inc. (MGPA). The MGPA is a community group that was formed in 2010 after Eastern Star Gas announced that they were planning to construct a gas pipeline from Narrabri to Wellington, passing through Mullaley. The plans for this pipeline have now been abandoned but the MGPA, with over 100 members, has continued with its aim of protecting this area from coal seam gas developments and related infrastructure.

The threat of the coal seam gas (CSG) industry and related infrastructure has had a very significant impact on our lives and businesses for more than 10 years. We have worked very hard to ensure that our irreplaceable and highly valuable soils and underground water have not been damaged by CSG or associated infrastructure to date, but we continue to feel exposed and threatened by the CSG industry because PELs still cover our land.

The CSG industry does not have a 'social licence' to operate in the North West of NSW. This is clearly illustrated by the Gasfield Free Community Surveys. Mullaley was the first community in the North West NSW region to undertake the rigorous community based survey in December, 2012. Community survey teams visited every house in the district, to invite residents to respond to the question "Do you want your land/road Gasfield Free?" The response recorded 98.5% of people answering "Yes". Since then the survey has been diligently conducted by individual communities across our North West region and over 100 communities in an area covering 3.28 million hectares have overwhelmingly rejected any proposed industrialisation of their land and surrounding environs by the CSG industry.

And that is why we strongly support this bill, with no amendments.

Continuing damage to farming and rural communities

Water: CSG developments and CSG infrastructure have a devastating impact on the water that farmers depend on.

Almost all of the farms in this area rely on underground water supplies. We are blessed to have reliable, good quality groundwater. Most livestock, farming, and irrigation businesses in the region are completely reliant upon groundwater to meet the water needs on their farms. Livestock require access to clean water 24/7 and groundwater is the only viable source able to guarantee this supply – surface water (dams etc) simply cannot meet this demand in our hot dry climate. Put simply, without access to clean, reliable sources of groundwater, most farming businesses in the region would cease to exist.

CSG developments are an enormous risk to groundwater. Both the sinking of wells through the water table and consequent depressurising and drawdown of water, and the potentially devastating contamination of water by gas wells, pose significant threats to groundwater and to our livelihoods.

A Queensland auditor-general's report on managing CSG activities illustrates how farmers' water sources are impacted by the CSG industry. By early 2020 CSG drilling in the Surat Basin had drained 127 water bores, with the report predicting a total of 571 will run dry in the future due to rampant gasfield expansion.¹

The PELs that cover our farmland raise uncertainty among farmers about whether our precious groundwater is safe. If any of the companies who have a PEL decided to begin exploration, our groundwater is instantly placed at risk.

Soils: Similarly, CSG developments and CSG infrastructure have a devastating effect on our soils. The productivity of the fertile soils of this region is quickly destroyed by CSG infrastructure which disturbs the soil surface through compaction, soil mixing and layer inversion. Soil compaction reduces both crop and pasture growth as the increased bulk density reduces air permeability and water infiltration and compaction persists for a considerable period of time.

¹ <https://www.parliament.qld.gov.au/documents/tableOffice/TabledPapers/2020/5620T255.pdf>

Impacts of compaction on soils are well studied and soil compaction is generally considered a problem if not a threat to agriculture.²

Effect on investment: The continuing threat of the zombie PELs that cover our land and the uncertainty they generate make it much more difficult to justify (and obtain finance for) any investment in agricultural businesses.

In Australia, Rabobank provides both long term and seasonal funding to primary producers. The terms on which funds are advanced are dictated by the borrowers' production base and capacity to maintain and repay at the time of the advance. The bank's submission to the NSW Legislative Council inquiry into the management of the Murray-Darling Basin – impact of mining CSG states:

“In our view, the net impact of CSG mining activities on a banking relationship may include a diminished production base that reduces a borrower's ability to service debt, a diminished asset base (groundwater constraints) and diminished land value, which affects borrowing levels.”³

Further Rabobank states,

“Should the trend toward concurrent CSG mining and agricultural activities continue on agricultural land ... problem loans or defaults will rise (Rabobank 2011).

The decreased land value resulting from CSG exploration and development is indisputable. The Petroleum (Onshore) Act 1991 states,

The holder of a production lease has the exclusive right to conduct petroleum mining operations in and on the land included in the lease together with the right to construct and maintain on the land such works, buildings, plant, waterways, roads, pipelines, dams, reservoirs, tanks, pumping stations, tramways, railways, telephone lines, electric powerlines and other structures and equipment as are necessary for the full enjoyment of the lease or to fulfil the lessee's obligations under it. (section 41).

The past decade of uncertainty, for example, has led to Ciesiolka Family Farms Pty Ltd, one of the largest potato and peanut enterprises in NSW, declining to take up an offer to expand

² Hakansson, I., 1994. Subsoil compaction caused by heavy vehicles – a long-term threat to soil productivity. *Soil Tillage Res.* 29, 105–110.

³ <https://www.parliament.nsw.gov.au/lcdocs/submissions/35880/Submission%200455.pdf>

production because of their proximity to the Narrabri Gas Project and the presence of a PEL over their land.

Effect on lives and communities: For ten years, the MGPA and other community members have been ploughing their time and money into defending their properties from the threat of CSG developments and infrastructure. This consistent commitment of resources by hundreds, possibly thousands, of farmers, together with the stress involved in continually defending our lives and livelihoods from the ongoing threat, has had an enormous cost. The cost has taken the form of lost productivity, lost opportunities, and, tragically, lost lives.

This was recognised by Agriculture Minister Adam Marshall, in the *Moree Champion* newspaper (9 October 2020), when he said:

"Now is the time to remove that uncertainty and those companies, in light of the approval for the Narrabri Gas Project, should voluntarily relinquish those PELs because they are redundant.

"So let's just get rid of them, remove the uncertainty and allow people to get on with their lives."⁴

Tamworth MP Kevin Anderson has also made it clear that the 'zombie' PELs should be removed from his electorate, in *The Northern Daily Leader* newspaper (30 January 2021) he called for the removal of PELs when he said:

"I certainly don't want any coal seam gas in the Tamworth electorate, I want those PELs squashed,"⁵

Succession planning: The threat of CSG development and infrastructure has also had a devastating effect on succession planning, which is so important in many farming operations. Farmers are passionate about agriculture and what they do on their farms. They want to look after and improve their land so it can be passed onto future generations. The succession

⁴<https://www.moreechampion.com.au/story/6961834/lets-get-rid-of-them-marshall-calls-for-zombie-pels-to-be-slayed/>

⁵<https://www.northerndailyleader.com.au/story/7105829/kevin-anderson-lobbies-deputy-premier-to-squash-pels-in-gas-plan/>

planning process on many farms has been tainted by the 'zombie' PELs that cover a vast area of farmland. The future of our farms and groundwater is always in jeopardy while the PELs remain. It is well known CSG companies want to know a farmer's long-term property plan but give little information about the proposed or planned CSG activities on that property which adds to uncertainty of succession plans.

Compounding the climate crisis and its effect on farming

Climate crisis and fossil fuels: The Climate Council of Australia (in their submission to the New South Wales Independent Planning Commission hearing into the proposed Santos Narrabri Gas Project p.4) states that if the Narrabri Gas Project was allowed to proceed it,

“would do little more than further exacerbate the kinds of climate impacts that Australia—and New South Wales in particular—has felt most acutely in the past year with a Black Summer of devastating bushfires, drought and heat.”⁶

The overwhelming evidence from climate scientists shows that there is no room for any more fossil fuel projects in our current climate crisis. The Climate Council states that,

“Gas is highly polluting, and the approval of any new fossil fuel project in Australia would worsen climate impacts and endanger all Australian communities.”

This also means that there is no need for the PELs to continue to be valid as there should be no new fossil fuel projects permitted to proceed.

Australia has committed to being part of the UNFCCC Paris Agreement (UN 2015 p.3)⁷, which means as a country we have also committed to “Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;”

According to former chief scientist Dr Penny Sackett, Australia is not on track to reach its Paris commitment and all new fossil fuel projects and/or developments must cease.

⁶https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/project-submissions/2020/03/narrabri-gas-project/20200810t165810/climatecouncil_communitysubmission_10august_2.pdf

⁷UN (2015), Paris Agreement, https://unfccc.int/sites/default/files/english_paris_agreement.pdf

“All fossil fuel production - including coal, oil and gas - must decline now (2020) to hold warming to 1.5°C.”⁸

“Continuing on the current path of fossil fuel production, or even the path indicated by current Paris Agreement commitments, is associated with high to very high risk of serious, and some cases irreversible, damage due to anthropogenic climate change. These directly and adversely affect human health, mortality, livelihoods, critical infrastructure, food security, and land and marine ecosystems upon which human life depends.”⁹

Intergenerational equity: Future generations of farmers are very much disadvantaged by the effects of the climate crisis. Already we are witnessing hotter and drier conditions, which are only predicted to worsen if there is no change in the almost unchecked expansion of the fossil fuel industry, including the CSG industry. The prospect of taking over a family farm or pursuing a life on the land is much less attractive when the next generations are likely to be experiencing much hotter and drier conditions. There can be no intergenerational equity where the CSG industry continues to expand, further damaging our climate.

As climatic conditions take more unpredictable and extreme forms, the risk of extreme weather and the resulting damage affect productivity. In these circumstances even short term planning becomes more complex and uncertain. Succession planning for farming properties becomes close to impossible since it is reliant on a level of certainty of future climatic conditions that cannot be justified.

⁸https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2020/03/narrabri-gas-project/correspondence/edo/sackett-narrabri-gas-project-ipc-advice-revised_final.pdf

⁹https://www.ipcn.nsw.gov.au/resources/pac/media/files/pac/projects/2020/03/narrabri-gas-project/correspondence/edo/sackett-narrabri-gas-project-ipc-advice-revised_final.pdf