

Submission
No 5

**INQUIRY INTO COAL AND GAS LEGISLATION
AMENDMENT (LIVERPOOL PLAINS PROHIBITION)
BILL 2021**

Organisation: Comet Ridge Limited

Date Received: 23 June 2021

23 June 2021

The Hon. Mark Banasiak
 Committee Chair
 Portfolio Committee No.4 – Industry
 NSW Legislative Council

Via email

Coal and Gas Legislation Amendment (Liverpool Plains Prohibition) Bill 2021

Dear Mr. Banasiak,

Comet Ridge Limited (Comet) is a Gas Exploration company based in Brisbane with Petroleum Exploration Licenses in the Gunnedah Basin of New South Wales. Permits in which the company has varying equity in, include PEL 6, PEL 427 and PEL 428.

Comet welcomes the opportunity to provide comment to the Committee’s consideration of the Coal and Gas Legislation Amendment (Liverpool Plains Prohibition) Bill 2021.

Comet does not support the intent of the Bill.

Petroleum is essential to the Australian economy and way of life. As well as generating \$47 billion in export earnings, the industry supplies an important energy and commodity resource. Natural gas is also an essential input for many manufacturing businesses, and most topically in Australia and round the world right now, is used in making gloves and sanitiser for medical use.

Almost half of Australian homes – five million households – are connected to the natural gas network. In NSW and Victoria alone, 2.3 million homes are connected. Gas accounts for 44 per cent of household energy use, with more than 11 million residential gas appliances used every day.¹

Natural gas is both a source of energy and an essential raw material (feedstock) for manufacturing. More than half of the gas consumed in Australia is used by manufacturers.

About 225,000 people work in manufacturing sectors that rely heavily on gas; another 500,000 people work in related industries. The main industrial uses of natural gas and gas-derived products are producing:

- non-ferrous metals (e.g. aluminium, copper, zinc, tin)
- chemicals and polymers (e.g. fertilisers, antifreeze)
- non-metallic mineral products (e.g. glass, ceramics, cement, bricks)
- plastic packaging for foods and beverages.
- Gas is also needed in food preparation and processing, fermentation and brewing.

Gas use in manufacturing by sector

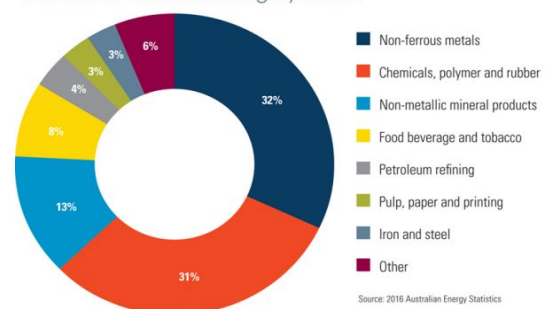


Figure 1 Gas — powering industrial processes

Natural gas is also a raw material (feedstock) for creating products such as fertilisers, explosives, paper, plastics and chemicals. In most cases, there is no substitute for gas. Gas is used to produce ammonia, which is an important feedstock for several industries.

The most commonly used fertiliser in the world is urea, which is produced from ammonia.

¹ Deloitte Access Economics (2016), *Analysis for Gas Vision 2050*.

Producing each tonne of urea requires 21GJ of natural gas — the same amount of gas that the average NSW household uses in a year. Australian industries use 1.6 million tonnes of urea each year.

Ammonia is also used to make explosives and cleaning products, and in fermentation, brewing and winemaking.

The plastics used in food packaging, plumbing, guttering, fibres, textiles, machine parts and a host of other applications are made from ethane derived from natural gas.

New South Wales imports almost all of its natural gas from other Australian States. This means that the cost it pays for the gas is higher due to transport costs and creates supply exposure in respect to pipeline constraints. The NSW Business Chamber, in its report from late 2019, made some very relevant points in respect to the benefits that a gas industry offers NSW. They stated that a gas project, such as the Santos Narrabri project, would provide an economic output for the project of \$11.9 billion to the economies of Narrabri, the broader region and NSW. A total of 1,300 jobs are estimated for the construction phase with more than 500 direct and indirect jobs over the 25-year project life, with more than half of these jobs in the region.²

A natural gas industry in the Narrabri region will mean many young people, who would normally have moved away to find a job, can now find skilled high paying jobs in the area where they grew up. In effect, a natural gas industry helps to keep extended families closer together. A natural gas industry may also encourage manufacturers to set up operations in the region, to minimise transport cost and to generate products (like fertiliser for example) closer to where they are utilized.

In respect to the specific Bill that is proposed, we are firmly of the view that agriculture and the gas industry can co-exist, which has been demonstrated in the Roma area of Queensland for more than 50 years. Indeed Roma would not be the success that it is today, with both the agricultural and gas sectors both being important to that region's economy. To some degree, the gas industry has an ability to play its part in assisting to drought-proof regional areas where times are tough for agriculture.

The gas industry has a relatively small physical 'footprint' which limits its impact on traditional rural industries. Access to land is negotiated under a regulatory framework which seeks to minimise impacts and ensures fair compensation for landowners. In Queensland, a cumulative total of over \$700m has been paid by the industry to Queensland landholders.

Regional communities and other local industries are sharing the benefits of the infrastructure funded by the gas industry. For example, renewable energy projects are connecting to new power, logistics and road infrastructure built to serve gas projects. Farmers now have access to new supplies of treated water for irrigation, lifting productivity and farm incomes. In addition, many farms have family members that work in the resource industry, allowing them to stay involved on the farm during their time off. Without this, many would be forced to move away permanently.

In places, such as the Western Downs in Queensland, the resources sector (including the natural gas industry) has become the largest contributor to gross regional product. Research by the CSIRO and the Department of Industry, Innovation and Science confirms a very positive social dividend in regions which host the industry, including low unemployment, higher family incomes, a reversal of population decline, more employment opportunities for women and higher levels of youth education.³

The industry has always regarded the support of local communities and the informed consent of landholders as essential to the long-term partnerships that enable our activities to be successfully conducted.

Many reputable and independent studies have identified significant positive regional socio-economic benefits of onshore gas and resources production. Community attitudes to the industry have also

² NSW Business Chamber, 'Running on Empty: How to keep NSW fuelled for the future'

³ Office of the Chief Scientist, Department of Industry, Innovation and Science; GISERA (2015) *Review of the socioeconomic impacts of coal seam gas in Queensland*. <https://industry.gov.au/Office-of-the-Chief-Economist/Publications/Documents/coal-seam-gas/Socioeconomic-impacts-of-coal-seam-gas-in-Queensland.pdf>

generally been found to be positive. Research confirms that the resources industry is most supported in areas where it operates:

- The Australian Government's Bureau of Resource and Energy Economics (BREE) reported in 2015 that there are long term net economic benefits from natural gas and negligible impacts of water and air quality to date.
- The CSIRO reported in 2013 that the natural gas industry is contributing to poverty reduction, increasing employment and family income, and that there is a growing youth population in regions with natural gas development.
- A 2013 study by KPMG showed that resource developments are not only making regions more prosperous, but also making their communities more stable and socially sustainable.
- A 2014 report by the CSIRO found that the majority of the community in Tara, Chinchilla, Miles, and Dalby accept, approve, or embrace the industry with only a small minority rejecting the industry.
- A 2018 social impact assessment for gas development in the Northern Territory found community concerns and threats can be mitigated and managed. They also identified significant opportunities for the enhancement of social values, such as collaboration between the community and industry, increased training and employment opportunities, better infrastructure, and indigenous participation.⁴

In closing, we are of the view that agriculture and the natural gas industry can co-exist, as detailed in the above comments. Queensland has shown this to be the case for over half a century, and we are confident that with time, and assuming resource development projects, particularly natural gas, can proceed, this will be the outcome in central NSW also.

Comet Ridge recommends that the Bill be rejected, and that the Government should work with industry to understand the commercial drivers and requirements for resource development to occur in NSW.

Yours faithfully,

Tor McCaul
Managing Director
Comet Ridge Limited

⁴ Coffey (2018), Beetaloo sub-basin Social Impact Assessment Case Study <https://frackinginquiry.nt.gov.au/inquiry-reports?a=476739>