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05 July 2021

Committee Secretary
Senate Standing Committees on Environment and Communications
ec.sen@aph.gov.au

To the Senate Standing Committees on Environment and Communications

Re: Submission to the inquiry into oil and gas exploration and production in the Beetaloo Basin

The Australian Conservation Foundation (ACF) thanks the Committee for the opportunity to make this submission to the inquiry into oil and gas exploration and production in the Beetaloo Basin.

ACF is Australia's national environmental organisation. We are 700,000 people who speak out for the air we breathe, the water we drink and the places and wildlife we love. We are proudly independent, non-partisan and funded by donations from our community.

ACF opposes the use of any public money for unconventional gas drilling in the Beetaloo Basin, including the \$50 million made under the [Industry Research and Development \(Beetaloo Cooperative Drilling Program\) Instrument 2021](#).

The use of public money for fossil gas extraction is inconsistent with:

- the object of the *Industry Research and Development Act* (the Act) which is to "position Australia as a leading innovation nation".
- Australia meeting its obligations under the [Paris Agreement](#) to limit global warming to well below 2°C and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels.

In opposing this funding, ACF stands together with Traditional Owners who oppose unconventional gas extraction in the Beetaloo Basin due to concerns relating to the impacts on and risks to land, water and cultural heritage.



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Innovation nation

The object of the Act is to “position Australia as a leading innovation nation”. While ‘innovation’ is not defined in the Act, Innovation and Science Australia defines innovation as “*fresh thinking that creates value*” in its report [Australia 2030: Prosperity through Innovation](#).

Innovation can also be defined as: *The introduction of new things, ideas or ways of doing something* [Oxford Dictionary]; *Something new or different introduced* [Macquarie Dictionary] and *A new idea or method* [Cambridge Dictionary].

Fossil gas cannot be considered innovation.

Gas is a century-old, outdated idea that should not be funded under the Act. Gas is a technology of the past, not the future.

The Australian Government’s [2021 Intergenerational Report](#) (page 60) anticipates the decline of fossil fuels like coal and gas. The report states:

“129 countries have committed to net zero emissions by 2050, including key trading partners such as Japan and South Korea, while China has committed to carbon neutrality by 2060. In 2019-20, these 3 countries accounted for 87 per cent of Australia’s [Liquefied Natural Gas] export value, 74 per cent of Australia’s thermal coal export value and 55 per cent of Australia’s metallurgical coal export value.

These commitments by other countries, if fully implemented, are likely to reduce demand for unabated fossil fuels over some decades.”

In response to these global trends, Australia needs to transition to a clean energy export future in order to protect our future, grow the economy and jobs, and provide a just transition for communities and workers.

In line with the Act’s object, the Australian Government should seek to put our country at the forefront of innovation by supporting clean energy, industries and exports.

Examples include utilising our world-leading solar, wind and critical mineral resources, and maximising clean, zero emission export opportunities (such as renewable hydrogen and ammonia, green steel and aluminium, low emissions cement and advanced manufacturing projects like batteries, components and electric vehicles).



Australia's climate commitments

Gas drilling in the Beetaloo Basin poses a major threat to the climate and Australia's future, with greenhouse gas pollution released at every stage of gas exploration, production and use.

Along with other countries, the Australian Government signed and ratified the [Paris Agreement](#) agreeing to limit global warming to well below 2°C and to pursue efforts to limit the increase to 1.5 °C above pre-industrial levels.

Consistent with the Paris Agreement, the International Energy Agency's Net Zero by 2050 (page 21) report states:

"there is no need for investment in new fossil fuel supply in our net zero pathway" and "no new oil and gas fields approved for development" are required, as gas demand declines by 55 per cent (from 2020 to 2050).

Further, the Northern Territory [Fracking Inquiry](#) estimated gas extraction from a shale gas field (such as the Beetaloo) would create "significant" greenhouse gas pollution equivalent to between 4.5 and 6.6 per cent of Australia's annual emissions. The inquiry deemed this an "unacceptable risk" to the climate unless all greenhouse gas pollution is fully offset.

The panel recommended:

"That the [Northern Territory (NT)] and Australian governments seek to ensure that there is no net increase in the life cycle [greenhouse gas] emissions emitted in Australia from any onshore shale gas produced in the NT."

Deloitte's Report on the Development of the Beetaloo Sub-basin (commissioned by the Australian Government) recommended the Federal and NT Governments immediately commit to:

"undertake comparative emissions modelling for Scope 1 and 2 emissions from the Beetaloo Sub-basin."

However, the Federal Government's strategic basin plan [Unlocking the Beetaloo](#) and the \$50 million funding made under the [Industry Research and Development \(Beetaloo Cooperative Drilling Program\) Instrument 2021](#) do not adequately address these risks or commit to fulfilling either the Fracking Inquiry or Deloitte recommendations.

Traditional Owners have serious concerns that have not been addressed

Traditional Owners and custodians of the land and water of Beetaloo and connected basins have voiced serious concerns about fracking on country, which they state will 'denigrate and desecrate'



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their land. Traditional Owners hold Native Title and Land Rights, and maintain that they have not provided free, prior and informed consent for their land to be fracked. In an open letter, Traditional Owners of the Beetaloo have stated that their rights ‘have been denied.’ They further state that:

“These gas corporations lack any respect for us as Traditional Owners. They have failed to follow proper process in consultation with us, failed to acquire consent, failed to provide transparency in their dealings with us, and have systematically excluded our voices from the decision-making process for activities on our Country.”

The \$50 million grant program for drilling in the Beetaloo, and failure to consult and get consent show a lack of respect for Traditional Owners and their rights and ignores the stated opposition of Traditional Owners to fracking on their country.

Spending public money through uncompetitive grants with no merit review or transparency

As noted above, the proposed grant program for Beetaloo gas exploration is inappropriate for a range of reasons including inconsistency with the Object of the Industry Research and Development Act; the contribution of the drilling program to fuelling climate change; and failure to have achieved free, prior and informed consent by Traditional Owners and impacted Aboriginal communities. In addition, the way in which these grants are being provided is deeply concerning.

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.

The basis for the program – to accelerate exploration in the Beetaloo – raises further issues. The need to accelerate exploration (i.e., the urgency) references ‘independent economic modelling’ presented in the ‘Report on the Development of the Beetaloo Subbasin’ by Deloitte.

The ‘window of commercial opportunity’ identified by the independent economic modelling and referenced in the Beetaloo Strategic Plan, is full of uncertainties and is speculative. The report provides a range of stakeholder views about future demand for gas, and makes it clear that under many scenarios, including price scenarios, Beetaloo gas would not be competitive or preferred.

Modelling by the International Energy Agency in their Net Zero by 2050 Report (referenced above) clearly concludes that the window of opportunity for new gas developments has already passed.



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Opening Beetaloo Basin to fracking is not a good way to create jobs

Gas-fired backfire, released jointly by the Australian Conservation Foundation and The Australia Institute found that the gas industry is one of the least job-intensive industries in Australia, providing only an eighth as many jobs per dollar spent as the average for all Australian industries.

Investing public funds in any other industry would create more jobs than the gas industry.

The report also found that subsidising gas would displace renewable energy alternatives to gas for households, businesses and industry, locking in more pollution and higher energy prices for decades.

Few of the multinational oil and gas companies operating in Australia pay any company tax in Australia. As a result, public funds used to subsidise the gas industry are unlikely to provide lasting benefit to Australians. Rather, a significant proportion of taxpayers' money given to the industry is likely to end up with overseas shareholders.

Despite its large scale and dangerous emissions, Australia's gas industry employs a very small proportion of the workforce, around one in 500 jobs.

Conclusion

ACF welcomes this inquiry into oil and gas exploration and production in the Beetaloo Basin.

ACF opposes the use of any public money for unconventional gas drilling in the Beetaloo Basin, including the \$50 million made under the [Industry Research and Development \(Beetaloo Cooperative Drilling Program\) Instrument 2021](#).

We would be happy to support the inquiry by presenting our submission or providing further information as required.

Kind regards,

Petra Stock and Suzanne Harter
Climate Change and Clean Energy Campaigners

