



## **Senate Inquiry into Oil and gas exploration & production in the Beetaloo Basin**

### **Submission from the Bayside Climate Crisis Action Group**

**7 July 2021**

*The Bayside Climate Crisis Action Group is a not for profit, community organisation based in Melbourne's Bayside suburbs, that works to reduce the impact of climate change and promote sustainability. Amongst us are professionals, business owners, parents, teachers, students and academics who are active in the community and share a vision of 'A Safe Climate for All'.*

### **Introduction**

The term of reference of the inquiry refers in particular to the *Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021*, which provides public money for oil and gas corporations.

The Instrument, which is the subject of the Inquiry, is to provide funding for exploration activities in the Beetaloo sub-basin to support the development of the Northern Territory gas industry. The Instrument seeks to be grounded in the Industry Research and Development Act 1986 (the Act), the object of which is, "*to position Australia as a leading innovation nation.*"

This submission will interrogate whether the use of public money to fund the development of the NT gas industry aligns with the object of the Act, as quoted above, and with Australia's obligations under the Paris Agreement.

### **The Paris Goals**

At the Conference of the Parties (COP) 26, to be held in Glasgow later this year, Australia will be called upon to increase its ambition and play its part as a rich nation in meeting the goals of the 2015 Paris Agreement. The essence of that Agreement is to work to keep the world's average surface temperature well below 2°C above pre-industrial levels – and aim to keep it below 1.5°C.<sup>1</sup>

To give us just a 66% chance of attaining this Paris Climate Goal, the world has just 8% of its carbon budget left, as [recently reported in Forbes](#). This budget will be exhausted within a decade at current emissions rates according to the Global Carbon Budget report 2020. Any rise beyond this budget could lead to [catastrophic consequences](#) by the turn of the century.<sup>2 3</sup>

## The Implications of Expanding the Gas Industry

If decision makers in this country consider it their duty of care to avert [the risk of catastrophic climate breakdown](#), they must carefully consider the risks involved in any expansion of Australia's gas industry.<sup>4</sup> It is the expansion of our gas industry that has been underpinning our failure to consistently reduce total greenhouse gas (GHG) emissions recently. Official GHG emissions over the period 2005 to 2018 show that the increase in reported emissions from the gas sector (25 million tonnes) was substantially greater than reductions in the electricity sector due to the rollout of renewables (15 million tonnes).<sup>5</sup> Even though emissions from the gas sector declined during the pandemic lockdown months, the sector's poor emissions performance over the full 12 months to June 2020 meant it managed to increase its emissions over the full year.<sup>6</sup>

Much has been made of a report on fugitive methane emissions by GISERA, a collaboration between government, CSIRO and the gas industry, but funded by the gas industry. GISERA carried out a study that downplayed the significance of fugitive emissions. The study was based on a survey of a small number of production wells that the gas industry agreed to include in the study.<sup>7</sup> The conclusions of this report [have been robustly challenged](#) as being unrepresentative, limited in scope and misleading.<sup>8</sup>

Not included in published figures are the unmeasured and unreported fugitive emissions of methane that have a global warming potential (GWP) many times greater than CO<sub>2</sub> (~85 times greater over a 20 year time span).<sup>9</sup> Furthermore, [new emissions data published in Nature](#) confirm these emissions to be much greater than previously thought.<sup>10</sup>

Emissions due to unconventional gas production occur across a vast network of pumps, pipelines, separators, control valves, venting points, processing facilities, supply mains and the reticulation network. Numerous other studies have indicated that emissions levels are far higher than inventory figures acknowledge, suggesting the application of rates from conventional gas extraction to unconventional gas extraction should be inadmissible.<sup>11 12 13 14 15 16</sup> If methane emissions from unconventional gas production are significantly under-reported, this would have a large impact on Australia's national GHG accounts.<sup>17</sup> We must ask, who stands to benefit from this under-reporting and who stands to lose?

## Do we need more gas?

It has been claimed that we need gas as a firming fuel for operational and reliability reasons, to facilitate the rollout and uptake of renewable energy production into the grid.<sup>18</sup> Indeed, to a certain extent, gas does currently play that role, although the Australian Energy Market Operator (AEMO) in its relatively conservative projections, foresees this role as likely diminishing, provided certain conditions are met, a view supported by [independent economic analysis](#).<sup>19 20</sup> Taxpayers and the government should take note of these projections to avoid subsidising what are likely to become stranded assets.

AEMO's remit does not include an examination of the urgency with which we must transition away from fossil fuel dependency, as the scientific evidence shows. Prof Penny Sackett, as well as a cohort of renowned Australian experts, amongst them IPCC lead authors, have emphasised this urgency.<sup>21</sup> The experts challenge the view that gas is a low emissions fuel and highlight the scale and speed of the decarbonisation challenge we must achieve to meet the goals of the Paris Agreement.<sup>22</sup>

## What about jobs?

The gas industry is a capital intensive, jobs poor industry. Although we are the world's largest LNG exporter, the industry employs less than 0.2% of Australia's workforce.<sup>23</sup> The opportunity cost of expanding this industry is immense. Not only are there incalculable climate and environment risks, these risks and the doubt about our future dampen jobs growth in the economy of the future by creating investor confusion and delaying the deployment of renewables and associated infrastructure. They apply a dampener to the development of a new generation of energy intensive, export-oriented industries built on renewables, and offset Australia's natural advantage of cheap and abundant renewable resources.<sup>24 25</sup>

## Warnings from International Agencies

The International Energy Agency (IEA) in their World Energy Outlook 2020, noted that *"detailed new analysis shows that, if today's energy infrastructure continues to operate as it has in the past, it would lock in by itself a temperature rise of 1.65 °C".*<sup>26</sup>

Not only is gas a fossil fuel, its significance as a source of emissions has recently been elevated. According to a UN backed report released in May 2021, *"cutting methane is the strongest lever we have to slow climate change over the next 25 years and complements necessary efforts to reduce carbon dioxide. The benefits to society, economies, and the environment are numerous and far outweigh the cost".*<sup>27</sup>

This report serves as a wake-up call to the need to assess the environmental impact of gas, a potent source of GHG emissions, in all proposals involving its supply, and to consider and compare alternative energy sources that can be made available.

## The Government's Duty of Care

In a recent land mark ruling, the federal court found the Environment Minister owes a duty of care to Australia's young people not to cause them physical harm in the form of personal injury from climate change.<sup>28</sup> This ruling comes on the back of similar rulings both here and overseas. They demonstrate an increasing readiness of the courts to warn both business and government that they have a duty of care to consider the impact their decisions will have on climate change and on future generations.

## Conclusion

The assumption that gas is a low emissions fuel is both wrong and dangerous. Embarking on a government supported program to expand the gas industry greatly increases the risk of climate breakdown. It puts tax payers at risk of financing assets destined to become stranded and exposes the government to court challenges. This Inquiry must find the *Industry Research and Development (Beetaloo Cooperative Drilling Program) Instrument 2021* to be against the public interest on all counts and oppose its adoption.

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