

31 October 2023

Committee Secretary
Senate Standing Committees on Environment and Communications
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Committee Secretary,

RE: Middle Arm industrial precinct inquiry

Thank you to the Committee for the opportunity to provide my professional insights into the challenges and risks of developing a gas focussed precinct in the Middle Arm area as well as how a \$1.5bn investment could be better deployed in the Northern Territory to create more jobs, create a firm foundation for industry development and help household tackle the cost of living crisis.

My career has been largely dedicated to the establishment of competitive clean industry development opportunities particularly in regional Australia. This has included work on the job and investment opportunities from establishing renewable industrial precincts in regions including the Hunter Valley in NSW, and Gladstone, in QLD as well as seminal reports including Export Powerhouse: Australia's \$333b opportunity, The Next Boom: Australia's examining the clean export revenue potential for Australia.

Directly relating to this inquiry, a report I was commissioned to produce by the Environment Centre NT will soon be released which examines and proposed an alternative economic plan for how the Federal Government can invest \$1.5bn into the Northern Territory in a way which will create more jobs, more opportunities and avoid the significant negative impacts of establishing a petrochemical precinct in Darwin Harbour.

A better port of call - how to better invest \$1.5bn in the NT

A brief summary of the report recommendations in advance of its release is included below. In short, a three prong approach focussed on 1) investing in East Arm and making it a genuine sustainable industry hub, 2) investing in skills and energy stability, and, 3) undertaking a home upgrade and solar deployment program will create more jobs and establish a firm foundation for genuine long term industry development in the Northern Territory.

1) Making East Arm a genuine sustainable industry hub.

The Port of Darwin at East Arm is already the natural hub for industry. Centrally located between Darwin and Palmerston, East Arm features established infrastructure which is completely lacking at Middle Arm. This includes direct rail access to the wharf via the Berrimah Freight Terminal, and Truck Central for truck-based freight that is suitable for a wide range of port users. The common user wharf facilities

support the import and export of all good types, with critical minerals producers, such as Core Lithium, have already established export operations at the port due to the existing bulk minerals ship loading capacity and common user facilities.

In contrast, the Middle Arm proposal will involve wharves designed exclusively for the use of liquid and gas exports, preventing a diversified industrial base to develop.

The East Arm precinct has benefited from significant government investment, including the new \$515 million dollar ship lift facility, and features a well-developed precinct plan designed by the NT Land Development Corporation to support future expansion and industrial growth in both the Marine Industry Park and Darwin Business Park precincts. Together, these precincts provide 300 hectares of industrial land clustered around the port.

Centring development on East Arm will enable a concentration of industry that will provide the economies of scale, industrial proximity, and the opportunity to capitalise on shared infrastructure to make local industry competitive.

2) Investing in Energy and Skills

The Darwin-Katherine grid presents an energy security risk to companies looking to establish or expand in the Northern Territory. The critical system risks plaguing the system are causing significant issues regarding electricity supply and are preventing solar farms in the region, which have been built and fully commissioned for years, from connecting to the grid and providing the low cost electrons needed to bring down electricity prices in Darwin.

Fixing the grid and enabling more renewable energy to connect is essential for the region to attract and expand industrial opportunities

A combined approach of investing in a 150 MW/600MWh big battery or similar is needed to help fix immediate issues regarding supply and demand balancing as well as the provision of ancillary grid services.

The NT is also experiencing worker shortages in all electrical related fields, from electricians to line workers, which is further holding back renewable energy deployment and industry development. Establishing a four-campus Northern Australia Renewable Energy Training Centre of Excellence will play to the NT's established strengths in providing integrated education and training, and provide job opportunities for local workers in an area of booming global demand.

Additionally, a program to expand investment into renewable microgrids will help reduce energy costs in remote areas as well as establish a microgrid development and deployment industry which could export to the region.

3) Better Homes Upgrade program

The cost of living crisis is impacting households all across the NT. A program to double the number of households, provide climate safe house upgrades for every single low income household, install solar, insulation and air conditioning in all public housing dwellings, and commit a least \$100 million of additional funds for new housing construction would cost less than \$600 million - a fraction of the Middle Arm funding.

A better homes upgrade program would reduce energy costs for all households and create a steady stream of work for trades workers all across the Northern Territory. This would create good quality jobs for local workers and avoid the negative impacts that large FIFO workforces have had on housing prices in the past from previous gas projects.

Investing in households will ensure local residents also benefit from federal expenditure, rather than multinational gas companies looking for another handout from the public purse.

The three pronged approach described above will create more jobs, build a genuine foundation for industry development in the Northern Territory and has broad support from across civil society.

I would be more than happy to provide further information to the Committee on how the \$1.5bn currently proposed for Middle Arm could be better invested in the NT as required.

A response to the Committee's specific questions

Please find below my short comments on the specific inquiry questions the Committee has posed.

(a) the development of Darwin's Middle Arm Industrial Precinct, the role and funding intentions of the Northern Territory and Commonwealth governments;

A decision to spend \$1.5 billion dollar on the conversion of the Middle Arm peninsula into a major gas and petrochemical export hub will transfer public money into the hands of offshore gas companies with little benefit for Territorians, or for a competitive, clean economy future.

The program as currently described will fund wharves to export fossil gas, methanol and petroleum, the dredging of Darwin harbour and the Elizabeth River, and the clearing of woodlands and mangroves on Middle Arm.

The project will result in the government subsidising infrastructure for gas companies already banking record profits while destroying the local region and exposing the population to ongoing air pollution and water contamination risks.

There is no public case for subsidising the expansion plans of the fossil fuel industry in 2023.

Redeploying the \$1.5 billion dollar into a three prong "**Recharging the Territory Package**" as described earlier would deliver more high-quality jobs for locals, directly tackle the NT's cost-of-living crisis, and

provide the foundations for a strong and diverse new industry sector.

(b) the likely and intended future uses of the site as well as the industries and supply chains that would benefit from those plans;

The Middle Arm precinct is a suboptimal site in virtually all ways for industry development and supply chain diversification in comparison to the East Arm precinct which is the natural location for the expansion of industry.

The Middle Arm precinct is isolated by road from the main population centres in Palmerston and Darwin, the shipping channel to the proposed wharves requires significant and ongoing dredging, and there is no rail access to the port area, no bulk material loading facilities, nor are there the closely-located support services that exist in East Arm.

The infrastructure deficit at Middle Arm is significant and likely unbridgeable for it to become a genuine industry hub as opposed to a gas and petrochemical zone.

The East Arm precinct in contrast is already the natural hub for industry and has benefited from significant government investment. Future development should be concentrated in the region in order to build a genuine industrial base for the Northern Territory.

(c) any climate, environmental, health or cultural heritage impacts as a result of developing the harbour and the industries seeking to establish themselves at Middle Arm;

The current proposal for Middle Arm will result in the dredging of Darwin harbour and the Elizabeth River, the clearing of woodlands and mangroves, as well as the destruction of irreplaceable Larrakia cultural sites.

The precinct, if built, will then unlock gas projects commonly described as ‘carbon bombs’ that will blow Australia’s carbon budget and the world’s efforts to keep global warming to 1.5C.

The climate, environmental, health and cultural impacts of the Middle Arm proposal will be devastating and irreversible.

(d) the conduct, process and implications of the proposed strategic environmental assessment for Middle Arm;

(e) engagement and advocacy by industries and their representatives throughout the Middle Arm proposal, including with First Nations groups and communities adherence to the principles of free, prior and informed consent; and

(f) any other related matters.

Gas projects have a history of promising a jobs and revenue bonanza, but ultimately delivering little to either the communities or governments which host the facilities. Middle Arm will be exactly the same.

If it goes ahead, Darwin will experience an influx of FIFO workers for the construction phase which will further drive up house prices and rents, followed by a subsequent crash once construction is complete.

It has been less than 10 years since INPEX promised much the same as Middle Arm's new gas proponents are today, before it sacked 1,400 construction workers before Christmas¹ and the jobs and revenue riches failed to materialise.

Falling for the same false promise by the same industry twice in a decade would make fools of us all.

There is a better way.

Redirecting the \$1.5 billion investment into a "Recharging the Territory Package" is wise, politically sound and will help set up the NT for a strong and competitive future economy.

Thank you for the opportunity to make this submission

Yours sincerely,

Tom Quinn

Managing Director

Springmount Advisory

¹ Oaten, J. (2014), Inpex shedding 1,400 jobs in Darwin, with many gone just before Christmas, ABC. Available at: <https://www.abc.net.au/news/2014-12-14/inpex-sheds-1400-jobs-just-before-christmas/5963254>