

Public Affairs and Environment Committee
Parliament House
4 Harvest Terrace
Western Australia

19 December 2019

Dear Mr Swinbourn

Re: Petition No. 141 - Additional information to the Petition submitted on the proposed North West Shelf extension and State Agreement

Thank you for the opportunity to provide you with further information on our concerns relating to the North West Shelf extension and the North West Gas Development (Woodside) Agreement Amendment Bill.

As you may be aware, the bill was the subject of a Matter of Public Importance debate in the Lower House on 22 October 2019, and members of both the Liberal and Nationals Party voiced a number of concerns including the scale of greenhouse gas emissions and the lack of transparency relating to community development and local content plans.

I have summarised our three main concerns in the attached submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jason Parish', written in a cursive style.

Jason Parish

Submission – Petition No. 141 – North West Shelf (NWS) Extension – Additional Information

1. The scale of greenhouse gas emissions generated by the project

- **We are highly concerned by the greenhouse gas emissions that will be emitted by this facility and the proposed ‘Burrup Hub Expansion’ it will facilitate.** The bill extends the North West Shelf Agreement to 2059 and Woodside propose to operate the North West Shelf until 2070. This is completely incompatible with the state government’s target of net zero emissions by 2050.
- **A number of recent reports highlight the urgency with which we need to reduce our emissions and use of fossil fuels:** The International Energy Agency (IEA) has warned the world has no capacity to absorb new fossil fuel plants;¹ the Intergovernmental Panel on Climate Change (IPCC) has said primary energy from gas is reduced by 25% in 2030 and by 74% in 2050 in modelled pathways that limit global warming to 1.5 degrees;² and the United Nations Environment Program (UNEP) has stated emissions need to reduce by 7.6% every year for the next decade and the level of ambition needs to increase fivefold to have any chance of limiting warming to 1.5 degrees³. But studies have found countries are producing 70% more gas than would be consistent with a 2C pathway by 2030⁴ and that global fossil CO2 emissions are projected to rise 0.6% in 2019 due to sustained growth in the consumption of natural gas and oil and despite a decline in coal use⁵.
- **The scale of emissions.** The North West Shelf (NWS) facility emits 7.7 million tonnes each year⁶. This will rise to 18.2 million tonnes per year once the Browse to NWS extension project comes online and will represent almost 22% of WA’s total annual emissions.
- **The North West Shelf will facilitate Australia’s largest and dirtiest project.** The proposed Burrup Hub project will be the single most polluting project in Australia and will emit the equivalent of 24 coal fired power stations the size and age of Muja.
- **The impact of the NWS facility on our state and national emission reduction targets warrants investigation.** Australia has committed to a 26-28% reduction in emissions by 2030 (on 2005 levels) yet the greenhouse gas emissions of the Burrup Hub expansion represent an *increase* of 28% above on WA’s 2005 baseline. This will make the goal to limit global heating to within 1.5 degrees of warming virtually impossible.⁷
- **A recent report found the emissions of WA’s LNG industry are cancelling out all national efforts to reduce pollution.⁸ The potential for this project to transfer significant costs and burdens onto government and other sectors of the economy to meet emissions reduction targets.** This was the subject of arguments put forward by the Liberal Party during debate on the Bill in the Lower House.

¹ <https://www.theguardian.com/business/2018/nov/13/world-has-no-capacity-to-absorb-new-fossil-fuel-plants-warns-iea>

² IPCC Special Report – Global warming of 1.5 Degrees. 2018 p16-17 <https://www.ipcc.ch/sr15/>

³ United Nations Environment Program (UNEP) (2019). Emissions Gap Report at <https://sdg.iisd.org/news/1-5c-almost-impossible-without-deeper-and-faster-cuts-warns-unep-emissions-gap-report/>

⁴ EI, IISD, ODI, Climate Analytics, CICR and UNEP, 2019 The Production Gap. At <https://productiongap.org/2019report/>

⁵ Center for International Climate Research and Global Carbon Project (2019). The Global Carbon Budget. Published 4 December 2019. At <https://cicero.oslo.no/en/posts/news/natural-gas-and-oil-use-push-up-global-co2-emissions-in-2019-according-to-latest-data>

⁶ Conservation Council of WA and Clean State Initiative (2019) Runaway Train : The Impact of WA’s LNG industry on meeting our Paris targets and national efforts to tackle climate change. At <https://www.cleanstate.org.au/lngreport/>

⁷ <https://www.smh.com.au/national/runaway-train-how-wa-s-lng-plants-steamroll-national-climate-fight-20191106-p5383h.html>

⁸ Conservation Council of WA and Clean State Initiative (2019) Runaway Train : The Impact of WA’s LNG industry on meeting our Paris targets and national efforts to tackle climate change. At <https://www.cleanstate.org.au/lngreport/>

- We put forward the idea the committee could investigate whether **the impact to climate change could be included as a new proforma requirements of any State Agreement.**

2. Lack of fair and tangible benefits resulting from the project extension for the state of Western Australia and WA communities

We are concerned that the benefits from exporting our gas are not being adequately delivered to Western Australians in the form of royalties, taxes, local employment, carbon pollution offsets, and other benefits. We are giving away our gas for free and inheriting only the carbon burden. For example:

- **Insufficient taxes.** In the 2017-18 financial year, Chevron made \$5.274 billion in revenue in 2017/18 but paid zero tax. Shell earned \$4.57 billion and paid zero tax in 2017/18. Woodside paid just \$492.7 million tax on income of \$10.3 billion, which is effectively an income tax rate of 4.8%.⁹ It also paid payroll tax of \$58m.¹⁰
- **Insufficient royalties.** The State does not get any royalties from offshore gas unless they are near the shore in State waters. There are no royalties on the new offshore gas projects and existing federal royalties are completely inadequate¹¹. At least with the LNG producers at Gladstone, the Queensland government gets a 10% royalty.
- **No carbon offset requirements** that would capture the benefits here in WA. A recent report found a requirement for LNG companies to offset their pollution would generate 4000 jobs and up to \$2.5 billion economic development, mostly in our regions.¹²

3. Lack of transparency relating to Community Development Plans and Local Participation Plans for the project

Clause 11A and 11B of the Bill relate to the development of a Community development plan and Local participation plan respectively. However these plans can be developed in secret and there is no requirement to even consult with the community in question. We implore the committee to investigate whether such secrecy, including a lack of measurable outcomes for local content, reporting, consultation, and public disclosure of such plans is fit for purpose in 2020.

This issue was the subject of a 'Matter of Public Importance' debate in which the Nationals Party and Liberal Party called on the McGowan government to have community development plans and local participation plans in the NWS Gas Development (Woodside) Agreement to be laid before each house of Parliament.

It has also been widely reported that most of the highly skilled engineering work that will be part of Woodside's \$44 billion spend on the proposed expansion, including the design of the offshore vessel will be done offshore. (See for example [WA engineers set to miss out on \\$900m of LNG work](#) and [Engineering design jobs for Woodside's Scarborough, Browse LNG projects go offshore](#)). The lack of local content has been a serious enough concern to warrant the establishment of an LNG jobs taskforce, launched by the Premier in March 2019. Woodside have not responded to requests to publish the local content achieved on Browse and Scarborough to date.

⁹ Source: ATO 2017-18 Report of Entity Tax Information at <https://data.gov.au/dataset/ds-dga-c2524c87-cea4-4636-acac-599a82048a26/details>

¹⁰ <https://files.woodside/docs/default-source/media-releases/woodside-paid-493-million-in-australian-corporate-tax-for-2017-18.pdf>

¹¹ <https://www.michaelwest.com.au/monster-gas-projects-may-pay-no-tax-and-royalties-on-33b-a-year/>

¹² Reputex Energy 2018. Offsetting emissions from Liquefied Natural Gas Projects in Western Australia.