

# THE IMPACTS OF LIQUEFIED NATURAL GAS (LNG) ON THE ECOSYSTEM: Gas Battle Heats Up In Australia

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Few issues have focused the environmental movement in Australia as the fight to protect the Kimberley wilderness. The Australian liquefied natural gas (LNG) industry has seen a number of colossal projects commence in recent years, however few have attracted controversy like the Browse Basin project. This project involves the construction of a major LNG hub at James Price Point on Western Australia's Kimberley coast. Opponents of the project claim that this hub will cause significant environmental damage to a fragile ecosystem, while the Western Australian State Government and the Australian Federal Government claim that Browse will deliver jobs, economic stimulus for Indigenous communities and a needed boost to the Australian economy.

[As reported](#) by Raina Spooner of WA Today, corporate risk expert Katherine Teh-White has stated that "Browse has become a national scandal." Teh-White criticizes Woodside, who failed to work with the local community and develop a "social license to operate". Instead, the local communities have steadfastly opposed the development, creating numerous delays which have thrown the future of the project into considerable doubt.

## LNG Growth Gathering Momentum

The Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) [state](#) that by 2016, worldwide trade in LNG will have reached 230 million tons. Australian LNG production is set to increase markedly, with developments such as the AUD\$43 Gorgon project, the AUD\$34 billion Ichthys project and the similarly massive Pluto LNG project set to commence gas production in coming years.

Worldwide, LNG production is undertaking a significant period of expansion, with LNG viewed as a less polluting fossil fuel than brown coal or petroleum. ExxonMobil have predicated a four fold increase in the market for LNG by 2030; and such forecasts have led major US companies to increase their market share. Exxon Mobil have rapidly increased production since 2006, with chief executive [Rex Tillerson stating](#) that Qatar and the Gorgon and Jansz projects will contribute significantly to this growth. Similarly, ConocoPhillips have raised production in recent years, most notably through operations based in Qatar and Australia.

However, projects across the globe have drawn similar criticism to the Browse Basin development. A proposed LNG terminal for Long Island Sound was [quashed in 2009](#), when the US Department of Commerce opposed the plans for a massive terminal, which had been devised by a consortium of Shell Oil and TransCanada Pipelines Ltd. Furthermore, in 2007 Chevron scuttled plans for a US\$650 million LNG terminal, which had been planned for

Mexico's Baja California Peninsula. The project was abandoned, largely due to pressure from Mexican environmentalists, who claimed that the project would impact upon local wildlife populations.

## Australian LNG Industry

The growth of the Australian LNG industry is being supported heartily by two primary players, Australian Federal Resources Minister Martin Ferguson and Western Australian Premier Colin Barnett.

Demonstrating this support, Minister Ferguson [spoke volumes](#) of the industry at the Oriental Mining Club in Beijing on November 4 2011, stating "the potential for (Australian) LNG exports is enormous." As reported by [Gas Today](#), Premier Barnett reaffirmed the opportunities presented by Australia's burgeoning LNG industry, saying that "Western Australia's proximity to Asian markets combined with the state's largely undeveloped natural gas resources, places it in an ideal position to meet growing demand." Barnett continued, clearly demonstrating his support for the industry stating that "The government is actively supporting the sector's expansion by working to secure land and infrastructure for industry development."

A [report](#) released by the International Energy Agency predicted that Australia will be the world's leading producer and exporter of LNG by 2020. As reported in The Australian on July 7th 2011 , upon releasing the report, IEA Chief Economist Faith Birol stated that "We think Australia will play a crucial role in the golden age of gas". The expansion of the Australian LNG industry is being driven by healthy demand, which is coming from nearby markets in the Asia-Pacific region. A spokesperson from the Office of Premier Barnett stated that for Asian countries, Western Australia provides a "reliable and secure energy source, to support economic growth and improved living standards."

This demand is borne out in a number of substantial supply contracts. In 2002, the federal government, led by Prime Minister John Howard, signed a [25-year deal](#) with China whereby 3 million tons of LNG would be supplied to China each year by Australian operations. Furthermore, in 2007, Woodside struck a [deal](#) with Chinese company PetroChina, whereby \$AUD45 billion in LNG would be supplied from the Browse Basin project. Recently, the South Korean Government approved [deals](#) with Total and Royal Dutch Shell (at a total value of \$US84 billion), whereby the companies would supply the country with LNG over a 20 year period, with the bulk of supply coming from Australia.

## The Browse Basin LNG Project

The Browse Basin project is a \$US30 billion enterprise, managed by a joint venture between Woodside, BHP Billiton, BP, Chevron and Shell.

As stated on the website of [Woodside](#), the Australian company operating the project, "The Browse LNG development concept is to commercialize the Browse Joint Venture's three gas and condensate fields, Brecknock, Calliance and Torosa, 400km off the Kimberley Coast." The project description continues, describing that "Gas and liquids from these fields will be brought to an onshore LNG plant at the Western Australian Government's Browse LNG precinct, 60 km north of Broome." A spokesperson from the Office of Premier Barnett has

described the benefits of the increased LNG production in Western Australia as including the creation of “thousands of construction jobs and hundreds of long term jobs, many of these located in regional towns.”

According to Woodside, the James Price Point location choice was “unanimously” decided upon by project partners. However this statement contradicts a cable released by Wikileaks showed that the Federal Minister for Resources and Energy Martin Ferguson forced the companies involved in the development into accepting James Price Point as the location for the LNG hub. This [cable](#), dated December 11 2009, followed a decision from Ferguson, which meant that to ensure retention of project licenses, project partners were required to develop and submit a plan for producing LNG within 120 days, or walk away from the project. The cable demonstrates anger from the companies over this act, with Chevron’s Mike Edmonson stating that Ferguson’s “decisions are unprecedented and concerning”.

### Environmental opposition

As reported by [Natalie Muller](#), writing for Australian Geographic, there is passionate community opposition to the Browse Basin project. Speaking at a community meeting in Redfern, an inner city suburb of Sydney, Neil Mackenzie, spoke of the Kimberley , stating that “It is almost the last outback wilderness area in the world. What we have there is very precious.” The claims that the project would undermine the environmental integrity of the area are rejected by the Office of Premier Barnett, with a spokesperson stating that “Western Australia’s and Australia’s environmental approvals processes and impact management requirements are transparent, rigorous and comprehensive.”

Nevertheless, environmentalists are outraged at the location of the downstream processing facilities at James Price Point. Mark Jones, from the environmental group ‘Save The Kimberley’ provides a description of James Price Point, which he says consists of “red cliffs which meet the white sand and then the azure blue of the Indian Ocean . It is lined with sand dunes which act as bladders. Behind the dunes are ancient vine thickets”.

Jones states that the primary concerns surrounding the expansion of LNG include the “immediate effects, such as 50 square kilometers of marine dead zones, huge dredging tracts, loss of endangered species, destruction of dinosaur track ways and migration routes for marine species such as dolphins, whales and dugongs”. Premier Barnett has dismissed such [concerns](#), however recent study led by Rosalind Rolland of the New England Aquarium, has found that shipping noise can have a [significant effect](#) on the viability of coastal dwelling whales. Co-author of a [recent study](#) conducted by the CSRIO, Dr Tara Martin, refers to the importance of the Kimberley region, saying that “We’re in the midst of an extinction event in Australia and the north has been the last stronghold for many native species of wildlife.” However, the fragility of the Kimberley region is underscored by the report, which states that 45 species native to the area will become extinct without a significant injection of funds to the area from state and federal governments.

There is considerable concern expressed by opponents of the project about Barnett’s apparent intention to transform the area into an industrial estate. Kevin Blatchford, also of the environment group Save the Kimberley, [argues](#) that “the reason why this site is being pushed is from political persuasion to power further development of the Kimberley area and open the area up for industry.” Peter Robertson, Western Australian state coordinator of Australian environmental organization ‘The Wilderness Society’ (TWS) considers the possibility of further developments in the area, such as alumina smelters and bauxite

refineries, which could result in the James Price Point location being transformed into an industrial estate in the future. Despite this concern, Robertson is confident the project will not proceed at James Price Point. "(TWS) are quite certain that it's not going to go ahead anyway. It hasn't got any environmental approvals from state or federal governments."

## Protest Action

There has been significant conflict between those opposing the development and local police. Protestors opposing the development have been camped at blockades since mid 2011, with tents, showers, toilets, kitchen and vegetable garden created to support the action. The blockading actions have endured, despite police action which removed protestors from blockading the road to James Price Point in July 2011, which led to 25 arrests. An [ABC report](#) described the atmosphere created by the incident was "more like a war zone than a sunny Kimberley day." More arrests have since followed, with tensions between police and protestors remaining high.

The tensions have undoubtedly been exacerbated by project operators Woodside. As mentioned by Jones, "Woodside contracted KBR. They then contracted a company called Hostile Environs Services. These people are ex-army who basically get around and film everything and all that information feeds into their intelligence". The effect on the town has been pronounced, with protestors claiming that they have been victims of harassment and intimidation at the hands of Hostile Environs Services.

Journalist Antony Lowenstein recently visited the remote location, [reporting](#) "signs of collusion between the West Australian police and private security forces against Indigenous owners and protestors opposed to the development." Furthermore, Lowenstein reported that he viewed "large amounts of footage detailing HES interrupting scientists gathering evidence of dinosaur tracks of the area".

## Native Title Agreement

For the project development to have commenced at James Price Point, the Western Australian Government compulsorily acquired the land for the project site. To enable the government to do this, a Native Title agreement had to be reached between the traditional owners of the land. This agreement was reached on June 30 2011, between the Goolarabooloo Jabirr Jabirr Native Title claim group, Woodside and the Western Australian State Government.

Federal Senator Rachel Siewart [contends](#) that Indigenous traditional owners of the land were pressured into the initial agreement with the Western Australian Government. Senator Siewart believes that state and federal governments "very definitely put pressure on local traditional owners to accept James Price Point as the site for this gas hub." The Native Title agreement has divided traditional owners; with the compulsory land acquisition from the Western Australian government challenged in court by the Jabirr Jabirr people, who achieved a [ruling in their favor](#) on December 6 2011.

Retired Federal Court judge [Murray Wilcox states](#) that the ruling further jeopardizes the \$1.5 billion Native Title agreement, forged between traditional owners of the land and the

Western Australian state government. According to Wilcox, the process will have to be restarted due to the decision of the Supreme Court, with a new agreement to be forged. However, Western Australian Premier Colin Barnett [remains defiant](#). "We reached an agreement under the Native Title Act with the Aboriginal owners of that land and that was by consent and that agreement still stands."

#### Woodside Selling 15 per cent stake

On May 1st 2012, it was announced that Woodside [had sold 15 per cent](#) of its 46 per cent share in the Browse venture, reducing ownership of the venture to 31.3 per cent. The 15 per cent stake, valued at AUD \$2 billion, was purchased by Japan Australia LNG, whose parent companies are Japanese trading houses, Mitsui and Co. and Mitsubishi Corporation. There is conjecture as to how this deal will effect the proposed location of the LNG hub at James Price Point. "It is unclear what the implications will be for the development," states Robertson. However, Robertson refers to the opposition expressed by joint venture partners to the James Price Point location, stating that it is "more likely that the gas will be pumped to Karratha (industrial town, 830km south west of Broome)." Adding to the pressures experienced by Woodside, are mounting project costs, which the [Business Spectator](#) reported have risen from \$US30 billion to \$US40 billion.

#### Conclusion

Through their development of the Browse Basin project, Woodside have enjoyed unequivocal support from the Western Australian and Australian governments. However, the company failed to account for any public backlash to their plans. Rather than engaging with people who were uncertain about, or opposed to, the development, the company hired a firm to gather intelligence on the community. As a result of such poor public consultation, Woodside lost public trust and lost credibility, which has now placed the future of the Browse Basin project in doubt.

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