



Katherine – North Australian Rural Management Consultants

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07 February 18

Katherine

Speaker: Theresa Cummings and Geoff Crowhurst

Teresa Cummings: Teresa Cummings appearing on behalf of NARMCO, North Australian Rural Management Consultants, and also as a member of Katherine Mining Services Association.

Hon. Justice Pepper: Thank you.

Geoff Crowhurst: Geoff Crowhurst, Chairman of Katherine Mining Services Association.

Hon. Justice Pepper: Thank you very much. Thank you. Yes, when you're ready.

Geoff Crowhurst: Yeah.

Firstly, just like to remind about KMSA, the Katherine Mining Services Association. We're a group of service providing businesses that support all sorts of industries. We always welcome new, safe, and economically sustainable industries in our region to apply our trades our services to. The Katherine region has been a shrinking economy, and that has been even across the time of this Inquiry, that needs to be turned around to support the Developing the North initiative and create real jobs for the present working resources and our youth into the future. The concern of the negative impact on skilled and unskilled labour is absurd. We should be striving to the opportunities that are available to us. We can only see a positive impact on job opportunities that operate 365 days a year versus fly-in, fly-out seasonal opportunities that we work with presently.

We are concerned about negative impact. The concern of a negative impact on our infrastructure and the presume applied ... sorry. Infrastructure and the presumed plight will turn to infrastructure upgrades because they become viable. Coexistence of all industries is what KMSA is promoting to allow opportunities to rise to the top. We feel that we are under-utilizing both the land and our resources, labour resources, which is supported by the high unemployment rate in the NT presently. KMSA supports all recommendations third endpoint one to third endpoint one-oh of the summary of the draft final report. These are all initiatives that we, as a volunteer association, have been in some sort form or another of support throughout all different associations and groups that we work with.



My own business, Crowhurst Goodline, is a true example of a company that has been impacted by the moratorium, which is a drop of staff by 75%. Not all of this is attributed to the oil and gas industry downturn, but our income from an industry that we have serviced for six years previously in its infancy has resulted this year, in the last financial year, of a zero income. I'm glad we have a broad range of industries that we service, as at some occasion they all have their downturns. We've seen our cattle industry have the live export ban. We've seen our melon industry have Mottle Mosaic Virus. It goes on and on. All industries are volatile. I don't think there's any safe ones anymore. The oil and gas or mining industry is no different. I think they all become quite volatile.

In conclusion, KMSA is still of the opinion that the decision process be made from a science and fact material rather than the emotional material. This should provide the whole of the NT community with a well-tested and explored outcome. Whatever that be. Thank you.

Hon. Justice Pepper: Thank you, Mr. Crowhurst. Yes?

Teresa Cummings: Okay. My focus will be on initially recommendations 14.7 and 14.8, and then a discussion on local engagement. Recommendation 14.7. In terms of that recommendation, it's reasonable to be compensated for fair commercial rate for direct impact on pastoral operations. In terms of expediting land access agreements, there is merit in having a minimum and maximum range of compensation parameters for infrastructure and operational impacts rather than perhaps a fixed rate. Both pastoralists and gas companies can commence in negotiations within these parameters. It reduces the incidence of either party having extreme and potentially untenable positions at the commencement of negotiations. For pastoralists who are not skilled or knowledgeable in compensation negotiations, it gives them both some guidance and some protection. Accept that that's a reasonable ask.

In terms of recommendation 14.8, that the government consider whether a royalty payment scheme should be implemented to compensate pastoral leases. Our view is that it's not acceptable that pastoralists be compensated by royalty in any form. There are a number of reasons that I'll articulate in why this could not be a positive decision and a recommendation could create detrimental unintended consequences. The reasons include, but are not limited to pastoralists lease the land, they don't own it. It's not commonly understood across the NT that NT pastoralists don't own the land. In general community discussion, right across the Territory, most people are shocked. Because a pastoral property is being sold for such large sums, there is an assumption that they're acquiring the land below it. When you have detailed conversations about the fact that it's leasehold and owned by the Crown, most people are quite shocked in the general community.

Rather, the pastoralists lease the land. In doing so, they pay a rental payment to the NT government for land, which ultimately belongs the Crown. Many people, as I mentioned, are surprised to learn that they own the land ultimately by the Crown and that it's leased. When they begin to



understand, they will form some fairly firm views that pastoralists shouldn't gain an additional royalty from the land that they only lease, particularly when there's an opportunity for compensation through the land-lease agreements and opportunities to generate any additional income if the pastoralist wants to do some of that infrastructure development works on behalf of the gas companies.

There are 224 pastoral leases. The NT government only collects \$5 million dollars per annum from these leases, or attempts to collect because, again, this industry can cite cyclical downturns or productivity issues and seek relief, but that's an average of \$22,000 per lease. It's not likely have incurred significant or huge rental impose on their leases and in fact, I think their lease component turns out to be about .08% of total revenue. Any business that's paying .08% for their leased premises would be very happy in other industries.

The second one is pastoralists sign a lease fully aware that the Territory retains the right of the minerals. When pastoralists enter into a pastoral lease agreement or contract, they are very aware that they have no legal tenure to the minerals or the timber resources. Section 38 clause B spells out that the reservation of all minerals in or on a leased land shall remain with the Territory. Similarly, 38K states that it's a condition that there is a reservation of all timber. When you obtain a pastoral lease you know absolutely upfront that the resources are not yours. Repeating the land access agreement is a pastoralist's opportunity to be adequately compensated for direct operational and capital impacts.

I'm not aware of any legal basis for giving pastoral leaseholders a royalty entitlement just because the pastoralists have requested or demanded that they should get royalty compensation. Nor am I aware of any reason to justify this recommendation that it's in the interest of the Territorians or the Crown.

Potential negative precedent set for pastoralists to demand compensation for other activities that can legally occur on their land. Again, when pastoralists enter into a lease agreement they are fully aware that they are required to provide access to the leased land for several other categories of business and/or people. 38 spells out that the minister or his appointee has a reservation of a right of entry and inspection. Native title holders have a right of access as in section N as a reservation in favour of Aboriginal habitants of the Northern Territory. Section 78 indicates that the general public, and this is not widely understood, have access to waterways that are a perennial waters or land within the prescribed distance from those waters. That includes sea.

Section 81 indicates that the general public has a right of access to features of public interest that have been gazetted by the minister. Section 84 spells out the general public or business ... sorry. Individuals or businesses who have been licenced by the minister may enter the nominated pastoral lease for certain purposes and can take from the land things including: Wood, timber, stone, shell, gravel, clay, earth, salt, seaweed, bark, and the like. In



addition to people who are running mining activities or exploration in timber harvesting ... sorry. In addition, the people who also have the rights to the mineral activity and harvesting also have a right to access that land. When you sign up a lease you are fully aware that there's quite a multiple range of people who have access to the resources and access to some of the features on that land. I consider that's a bit disingenuous of pastoralists to demand a guest royalty that is justified on the basis of operational disturbance when the law clearly states that they're obligated to share access of their lease with these other multiple parties right from the beginning. There are no surprises.

It also sets up potential to set a precedent for pastoralists to demand compensation for all of the other activities that can legally occur within their lease. If a pastoralist is given an entitlement to receive a royalty from gas exploration or gas production, it doesn't take much imagination to envisage they would demand a royalty or could demand a royalty from all other businesses that have a right to obtain mineral and timber resources. In the scheme of things, some of the businesses who might access those are quite small operations. Indigenous people collecting timber for didgeridoo making, small sand quarries, gem fossicking and the like. How long before the industry is demanding access, payment, compensation from the general public on native title who also have an access to the lease? To provide a royalty entitlement to pastoralists who only lease their land will have far-reaching implications well into the future, more than just pacifying their request.

The gas footprint is overall minimal. Typically, as we've learnt, [2K] pads generally for exploration does occur over a short period of time and 200 metre squared pads for production. For many pastoral properties, the area around each watering point that can be degraded to the point that it no longer is grass-producing can cover an area larger than the well pad in production. In the final draft report, I recall, I think, if I interpreted correctly, that the gale development scenario we use .03% of the pastoral land. This is very minor and doesn't want a royalty payment and compensation, particularly when the NTCA has indicated publicly that 45 to 50% of pastoral land in the Barkly region is underdeveloped, or undeveloped I should say. Those are similar ratios across the Northern Territory. There's plenty of room for both industries to coexist without pastoralists needing an additional royalty payment for any loss of use of land.

Fifth and the final point is the NT government and its citizens need the royalty payment far more critically than any pastoralist would need. Of the 224 pastoral leases, approximately 26% ... As you're well aware, it's been noted in the media more recently pastoral lease holders are international companies. Of the remaining 70+ leaseholders, an estimated 30 to 40% are national companies or interstate family holding companies. The minority of leases appear to be NT owned and operated in a small portion of that. Why would Territorians or the Northern Territory government on behalf of the Crown give up royalties to wealthy international and national companies or wealthy interstate families at the expense of the needs of Territorians?



Teresa Cummings: I could talk a lot more about us being a welfare state and so forth like that, but I think that's been generally understood across the community now, particularly more recently. We've got an NT treasury discussion paper circulating where it's talking about raising revenues by way of taxing mom and dad wage-earners in sales tax and duties and things like that. Yet, we would be discussing giving away our royalties, as I said, primarily to internationals and national companies. That doesn't sit very well.

Local engagement, I think I may have mentioned it in a previous presentation, that NARMCO does indigenous business development, particularly in regional areas. We're working with a regional indigenous business that has a contract with a leading gas company. That contract has recently been renewed to the 18th of December. It's a sizeable contract, but particularly gives continued revenue throughout the wet season, which is always a challenge for regional businesses. It's allowed them to keep some staff engaged and has assisted with that wet season cash flow.

In all of our discussions with those companies, that company and other companies, and the work that we do through KMSA in engaging at expos and any other forum with other gas companies, they are very sound indications that the regional businesses will, including indigenous businesses, will get an opportunity to engage in future exploration if the moratorium is lifted and indicatively there are reasonable expectations that those same businesses will engage in production at some levels.

I'm aware, or we are aware, of another leading gas company that's placed a priority on local engagement as they've gone forth to seek to identify potential contractors for some of their exploration activities that have now been put on hold. It's fair to say that the way in which they call for tenders, place the emphasis on the local engagement do their assessment is reassuring for us at a local level.

Hon. Justice Pepper: Who's that?

Teresa Cummings: That's Santos. I don't want to ... there's a lot more background to that, but there is commercial sensitivities around that. From our position, having watched this play out we are reasonably satisfied that there is real intent and that the national service providers are being signalled that there is real intent that they must demonstrate on the ground. Again, reassuring for us.

Some of the discussion has been that there won't be local engagement because there'd be too much FIFO. The reality is there has to be FIFO, the specialist expertise need to be imported in. If the resource is proved and the industry is able to move forward, it's an industry that all indications will operate for a number of decades. That's more than enough time to up-skill locals into some of the required trades. It's enough time to create educational pathways to students to enter at either a trade level or at a technical level. It's enough time for local companies to develop an inherent capability that would enable them to continue to service well into the decades. Yes, initially we accept there will be FIFO. There may always be for some of the highly specialised areas, but in what we're growing to



understand in more detail about the opportunities, particularly downstream production, there is every opportunity that local businesses can up-skill and get engaged quite reasonably.

I think that's ... happy to take any questions, but that's the end of the oral presentation.

Hon. Justice Pepper: Thank you very much for that presentation. Very useful. Were you reading out from the act before in terms of the ... okay.

Teresa Cummings: Pastoral Land Act.

Hon. Justice Pepper: Yeah. I can get a copy of that. That's great. The other thing, are you going to turn your ... what you read out into a submission for the purpose of the Inquiry?

Teresa Cummings: Minus Santos' name, yes, I can.

Hon. Justice Pepper: Good. Excellent. I strongly encourage you to do that. As I said, I thought it was quite important, some of the points that you raised. Thank you. Any questions? Yes, Dr. Jones.

Dr. David Jones: You mentioned the figure that 45% of the land in the Barkly region is underdeveloped. Does that mean that some subject of existing mining leases or petroleum leases are subject to resisting pastoral leases or is it just that it's undeveloped in terms of even pastoral?

Teresa Cummings: Underdeveloped for pastoral use. People have pastoral lands and are only using a portion of that land for pastoral use. Yeah. May I say that I'm relatively comfortable in saying that's fairly typical, not just of the Barkly. We happened to be at a Barkly regional economic development conference. NTCA gave a presentation, and in the course of talking about opportunities to develop, indicated that there was massive room for additional pastoral developments in the Barkly. Through our own industry knowledge, there is a lot of development potentially in each of these pastoral properties. The reality is they don't ... either the internationals or the national companies are not investing heavily enough or ... and the businesses are not sustainable in order to expand actively.

Hon. Justice Pepper: Thank you. Any further questions? Yes, Professor Hart.

Prof. Barry Hart: Just following on the ... How important or how dependent is that additional on water? That additional development.

Teresa Cummings: My understanding is that water's not the prime barrier.

Prof. Barry Hart: Okay.

Teresa Cummings: Yeah. It's actually ... it's an attitude and it's finance that are the barriers, not water restrictions.



- Prof. Barry Hart: Finance for what?
- Teresa Cummings: Sorry. Financing for structures, so fences, tanks, irrigation systems.
- Prof. Barry Hart: Okay.
- Teresa Cummings: Yeah.
- Prof. Barry Hart: That's water.
- Teresa Cummings: Yes. No, I'm talking about the infrastructure of it. Yeah.
- Prof. Barry Hart: Thank you.
- Hon. Justice Pepper: Thank you. Yes, Dr. Beck?
- Dr. Vaughan Beck: During the presentation I think that you indicated that there may be opportunities for local companies to get involved in exploration and drilling. I'm just wondering if you could elaborate on that and give me an indication of what you see as the potential there.
- Teresa Cummings: Currently, the reality, not just the potential, is that contracts have been given to ... for well property surveillance. Actually going out and making sure that there's been no disturbance to the well sites. Emergency well alarm responses, so if a well alarm is activated that there's an emergency response within limited period of time. You're needing local people who can get out to the site immediately to make an assessment and then call back to the technical experts for direction. There's the maintenance of the sites in terms of firebreaks and weeds management. That may just mean slashing, but in this particular case the gas company is making a community contribution and maintaining a local air strip. This company has the contract to actually go and slash and maintain that air strip and indicate if there's any repairs that need to be done to that air strip as well. That's real.
- From there, we are in continued discussions about opportunities in addition to those. There's actually a lot more vigorous site security. I was talking about surveillance, but actual on-site security. They're all of the camp facilities. Waste removal, both industrial waste, water waste, sorry, I take that back, not water waste as in industrial water waste, but camp water waste and camp wastage. If there is a need for any feral animal management and ongoing weeds management, treatment of noxious waste and just for firebreaks and ease of access, then that would be legitimate. Transport is another area that we'd reasonably expect. Any of the civil works that is going on in exploration. Pangaea clearly demonstrated that through their heavy use of local service providers in the ... considerable amount of their civil construction, that there is local capacity to do that work.
- Dr. Vaughan Beck: Good. Thank you very much for that.
- Hon. Justice Pepper: Do you know, of these examples that you've provided, thank you for that, what percentage, just roughly, is Aboriginal?



- Teresa Cummings: Aboriginal people would have capacity in reality to all of what I've mentioned. Getting involved in camp services, getting involved in land management, weeds management, getting involved in transport, getting involved with waste removal are all things that we are attempting to position some of our Aboriginal clients to achieve. There's no real impediments there that we see for them not to secure this work. Other than typical business impediments, which is lack of capital.
- Dr. Vaughan Beck: Can I just follow up? You mentioned that there's clearly two phases. There's what's currently happening and what's the potential. In terms of the current, how many people are employed in the well sites being serviced at the moment? Just so we can start to get a sense of the magnitude of employment attached to the wells.
- Teresa Cummings: There are only four well sites by this company.
- Dr. Vaughan Beck: Yes.
- Teresa Cummings: I'm going to make an assumption that every other well site that is in existence would be receiving this ... would have contracted somebody else to do the same service, similar service. Yeah, I can't speak for the other sites, but the company that we're supporting is managing four well sites.
- Male: In terms of employment, what does that look like?
- Teresa Cummings: It's two people to travel out and do the regular surveillance. Two people to do the well emergency responses. Then when they're doing the weeds management it can be two or three people involved in that.
- Dr. Vaughan Beck: Thank you.
- Hon. Justice Pepper: Any further questions?
- Dr. David Jones: Yes.
- Hon. Justice Pepper: Sorry. Yes, Dr. Jones and then
- Dr. David Jones: I noticed you mentioned well emergency response. I guess, that's of interest to us from the point of view of things that might happen on these well sites, from the point of environmental impact or other things. Could you give us a flavour for what this might involve? Have you had any emergency call outs? You don't have to be specific.
- Teresa Cummings: No, I don't have the knowledge of that. There have been. None of them have actually resulted in an incident, so they've tended to be, my understanding, is what would you call a false alarm in that sense. There's been no actual incidents to respond to.
- Dr. David Jones: Just following up a little bit on that, one of our interests in this industry is how well they monitor things and telemetry streams and whether it's possible. Do you have any involvement in maintaining those services?



Teresa Cummings: Yep. Because I'm talking on the spot, there are so many things that I ... when you asked where all the jobs, you've just reminded me of another discussion that we've had with one of the companies. That's about providing a support crew as they undertake water testing. As they go and conduct their bore testing, they would need a crew providing some of the pumps and on-site toilets have to be taken. Depending on that, there may be an opportunity for the company to actually be trained in some of that water testing and extraction so that then they can be going out and conducting that ongoing monitoring and sending the water samples off to be tested and managing that. That's another little contract that is ... should the moratorium be lifted, that we would expect that that could go to a regional business, an Aboriginal business.

Hon. Justice Pepper: Thank you. Yes, Dr. Andersen?

Dr. Alan Andersen: I just gotta a question about the weed management activities that you had told me about. Can you give us some idea of what the weed problems are and what the management activities are?

Teresa Cummings: At the moment, because it's in exploration stage it's more firebreaks around the actual well sites. It could include, if there were any noxious weeds detected, then there would be an ... I would imagine the company would approve an immediate response to that. There are, again, without knowing where this will go and how much land the gas companies may end up acquiring, but there are some ongoing programmes for Parkinsonia through the Beetaloo area and through the water catchment area. The Commonwealth government trickles its money down through various organisations, but what it does result in is local companies then getting contracts to particularly go out into waterways and stock crews and pastoral properties to do annual weeds management on those sites. It's sort of imagined that ... anticipated that as activity increases in that area then there would be more weeds management, particularly of Parkinsonia in that Beetaloo area.

Dr. Alan Andersen: Have you seen any examples of weeds being sprayed through these exploration works?

Teresa Cummings: I'm not down on site, but from the invoicing coming through, yes, they have done weeds management. Yeah.

Dr. Alan Andersen: Thank you.

Teresa Cummings: And have done slashing, as well.

Hon. Justice Pepper: No further questions. Again, Mr. Crowhurst, Ms. Cummings, thank you for coming again to present again. Every time you have come, you have given a thoughtful and important presentation. Thank you for engaging with the Inquiry. Please do, yes, turn that into a submission and give it to the Inquiry.

Teresa Cummings: I will.



Hon. Justice Pepper: Thank you.

Teresa Cummings: Thanks.

Geoff Crowhurst: Thanks for the opportunity.