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Local communities should question alleged benefits of Santos NSW CSG projects

The alleged benefits to NSW communities from Santos' plans to develop coal seam gas (CSG) reserves in the north west of the state should be questioned in the light of inconsistencies and flaws in the economic modelling used to support the project, according to The Australia Institute.

Santos recently commissioned the Allen Consulting Group to examine the economic impacts of developing coal seam gas operations in North West NSW.

Far from delivering 'once-in-a-generation economic opportunities' as claimed by Santos, an Australia Institute analysis of this modelling reveals that the benefits to the local economy will be quite small, in the order of 30 new gas jobs, and that the environmental costs have been ignored.

Senior Research Fellow David Richardson said the Allen Report fails as a proper economic assessment of the impact of developing coal seam gas on local communities such as Boggabri, Coonabarabran, Gunnedah, Muswellbrook, Narrabri, Quirindi, Scone, Singleton and Tamworth.

"The Allen Report raises as many questions as it answers," said Mr Richardson. "The report is based on a series of generous assumptions and largely ignores the biggest costs and risks of developing CSG in NSW."

The Australia Institute analysis of the Allen Group's modelling shows for example:

- 1) that gas exports from the development will 'crowd out' \$646 million in other exports by driving the value of the Australian dollar higher.
- 2) the loss of \$646 million in exports from other sectors is likely to cause the loss of 5,770 jobs in the non-mining industries.
- 3) the report does not provide evidence to support the assertion that treated water will be safe for crop and livestock use or for release into local water ways.
- 4) despite the very small number of new mining jobs the modellers find that economic output in NSW will grow by \$821 million.

"It is difficult to understand how such a small increase in direct employment could create nearly \$1 billion in additional economic activity. Similarly, the report states that 570 new public sector jobs will be created; one of the more puzzling findings," said Mr Richardson.

"The confusing and flawed nature of the economic modelling that Santos has relied on should act as a warning to local communities not to be seduced by claims of massive economic benefits relating to coal seam gas," concluded Mr Richardson.

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A copy of The Australia Institute's analysis "CSG economic modelling: On the alleged benefits of the Santos coal seam gas project in North West NSW" is available to download from www.tai.org.au under 'Publications'.

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