



Katherine – NARMCO

Please be advised that this transcript was produced from a video recording. As such, the quality and accuracy of this transcript cannot be guaranteed and the Inquiry is not liable for any errors.

9 August 2017

Katherine Godinmayin Yijard Rivers Arts & Culture Centre, Katherine

Speakers: Teresa Cummings

Theresa C.: Theresa Cummings, and I'm from NARMCO North Australia-

Hon. Justice

Rachel Pepper: I cannot hear you, so if you could speak into the microphone.

Theresa C.: Theresa Cummings from NARMCO North Australian Rural Management Consultants, and we're a privately-owned company based in Katherine.

Hon. Justice

Rachel Pepper: Thank you. Yes, whenever you're ready.

Theresa C.: One of the big issues about the entire fracking debate is social licence. It's a prevailing thought that if you don't have a social licence to operate, therefore, you can't, but a social licence is a subjective concept, in some cases very subjective. That it's subjective, is often misunderstood. Social licence often taken to be literal, factual objects. People mistakenly think that a social licence is granting in factual and scientific basis. They misguidedly think, "Okay, so if you have your social licence, then you must be doing everything safely and correctly," that what you're doing must be safe and good for the environment, to the people in the economy.

Although, the reality, the facts, can show a remarkably different picture. As it's subjective, a social licence is something ... You can actually buy it. You don't have to earn it and it doesn't have to be based on scientific proof or factual facts. If you've got enough money to throw around, if you exert enough political pressure, if you work the media, and if you psychologically play with the general public's emotions, you can get your social licence. The facts won't be the dominant decider.

A social licence is something you can achieve through manipulation of truth, not through the application of facts. A social licence is not necessarily earned on rational merits. Cigarettes are deemed harmful by most health authorities. Court cases have been fought to prove this, but the politically



powerful and well-cashed up industry with brilliant marketing techniques have been able to continue to convince people to buy cigarettes, and there are now people lobbying in support of the cigarette companies, not just the industry itself.

In fact, that marketing has convinced people, particularly young people, it's cool to smoke. In fact, youth numbers haven't decreased at all. You'll know you'll be doing something that the old people don't like, and it's risky and you'll be a rebel. What a great thing. They've even convinced people in poverty that it's an essential item to survive. If you're in a really poor situation, you need cigarettes to help you cope. That's how clever that marketing is, and there's a lot more about that industry that could be offered, but I think you get the picture. The social licence is something that's been gained by marketing a romantic or a feel-good-story. The activity may not be completely safe, it may not be overly clean for the environment, it may not be financially sustainable, but through good emotive marketing, a social licence can be gained.

Nitmiluk Gorge in Katherine. It's an iconic, nationally renowned tourist attraction. It's a great story and a genuine story. Indigenous people renting their land to government who created the national park so people can access, from all over the world, and enjoy this stunning location, and indigenous people get a fair, economic return for the use of that.

It has a good social licence. You can swim, canoe, hike, and take boat tours in the gorge. However, it's dangerous. People have died at Nitmiluk Gorge, or as a result of visiting Nitmiluk Gorge. They've been severely and permanently injured from taking part in a tourism activity in the gorge. People fall off cliffs, they have heart attacks, they severely overheat, and there's the constant threat of croc attacks, which, interestingly, generates more tourism activity when it occurs.

Similar risks apply in all nature-based tourism activities in the territory and elsewhere. So despite tourism activity in Nitmiluk Gorge being risky, it continues to enjoy positive social licence. So much so that commonwealth government and NT government regularly invest in Nitmiluk Gorge to enhance the tourism experience, and there's been a recent announcement of a \$10 million investment over the next couple of years again.

The NT pastoral industry has proven to be a dangerous occupation. It is one of, if not the, riskiest risk-ratings of worker's comp in the NT. Anecdotally, I've heard that New South Wales pastoral industry also has an exceptionally high risk rating for worker's compensation. Young people between the ages of 17 and 25 are particularly vulnerable in the NT pastoral industry. It's an industry that casually employs gap year students and backpackers and with minimal, if not negligible, training, puts them to work in dangerous situations.

Too many do get injured, some permanently and severely, but the public is either blissfully unaware of this, or they turn a blind eye. The NT pastoral



industry enjoys a good social licence, yet it could be said that it maims youth in its process.

Both governments continue to invest heavily in this industry and in many ways, including the sizable department DPIF, dedicated to improve economic growth and sustainability of this industry on the basis of that good social licence also.

You'll find significant environmental issues in the NT pastoral industry. Overgrazing, poor weeds and feral animal management, unintentional and intentional manipulation of the vegetation landscape, significant disruption to fauna habitat and food supplies, erosion and much more. However, this industry enjoys a good social licence. They have the public convinced they're doing a great job in environmental management. The industry works very hard to maintain this illusion, and they've been a powerful lobby group for many, many years.

Again, the pastoral industry sells a story that they're a large employer, including of indigenous people. The facts tell a different story. The industry reports that you read say about 1200 people are employed in this industry. That doesn't indicate what percentage of those are casually employed. That's only as many as the banking and finance sector in the NT, which is a relatively small industry by comparison of perception.

It's very small compared to other industries like retail or construction and health, who employ more than 8000 each. The manufacturing industry, which by perception is considered to be nonexistent in the Northern Territory, employs three times more people than the pastoral industry, yet the pastoral industry enjoys a good social licence because it's a larger employer of people, but the facts show this is a myth.

Another aspect of the pastoral industry that is economically stable, however it's not that sustainable. It's extremely rare to find a pastoral family that's been able to buy a property and survive on the proceeds of their cattle herd alone. Off-farm income is very much the reality. Almost every family that's come into the NT and started with very little has had to rely on off-farm income or inter-family loans. Dad and the crew might go contracting other companies. Dad might get some heavy equipment and go out as a civil contractor. Mum might read the bureau of recordings. She may be a teacher. One of them may have a permanent job and come home and work the farm after hours.

Daniel Tath, whom I think has made himself known to you, prominent protector of the pastoral industry, may have shared that he grows goats to supplement his income and his cattle herd. Nothing wrong with that, it's just the factual reality. The NT enterprise is not financially viable enough to support a family alone, particularly if there's existing debt involved.

So social licence are not granted on fairness. One industry can be safer than the other, but the less safe industry can have a better social licence. Social



licences are not granted on fact. An industry can employ more people, but the lower employment industry can have a better social licence as being the larger employer of people. An industry can have demonstrably lower accident and incident rates than another industry, but still could be thought to be more dangerous than the one that actually is.

To limit an industry's ability to function based on the extent of its social licence will mean making decisions that are not necessarily based on fact or fairness, and I guess as this is a scientific inquiry, making judgements about social licence, it's a subjective concept, and that would be a challenge.

The panel's term of reference weighs heavily on the risk management, and as it should. What we're observing is the anti-fracking movement demanding a very low, if not zero-tolerance of risk for the natural gas on-shore industry. It may be tempting to jump on that bandwagon, but to do so sets a very challenging and highly expensive precedence for all other recurring, sorry, all other current and future industries.

You heard from Brent Murdoch from Vista Gold yesterday reporting or requesting that there be a clear delineation between the natural gas industry and what I'll deem or refer to as the hard ore mining. Brent points out that hard ore mining has already experienced the repercussions of legislation relating to land access relevant to the natural gas industry having an impact as his industry was swept up in that legislation by default.

They'll be very tempting to apply stringent regulations or requirements to this industry, the natural gas industry, particularly to satisfy the very loud anti-fracking movement, but to do so could have very detrimental immediate and long-term financial impost on all other industries.

It's fairly reasonable to say that most industries in the NT are young, in terms of development. They may have been here a long time, but they're still very young industries. It would be possible or fair to regulate the natural gas industry to have very strict weeds management requirements when so many other industries, driving around the countryside, with no weeds management practises currently.

Interestingly, the natural gas industry has a self-imposed weeds management practise that it follows quite well and that clearly exceeds most other industry standards. Very few other industries do have these self-imposed or regulated standards. The pastoral industries has many visiting vehicles coming and going, road trains, sales people, stock inspectors, staff, pastoral and civil contractors to name a few. Pastoral properties are not required to decontaminate these vehicles, nor is there a self-imposed industry requirement or practise.

Free travelling tourists and tourist companies drive across our outback freely, and there is no weeds management practises currently imposed on them, and you can imagine the outcry if the Grey Nomads got called out or



swept up in some sort of waste management practise as they drove around the countryside.

There are a large number of vehicles driving out-bush to service indigenous communities on any given day. Government agencies teaches health police not-for-profit organisations. Indigenous people themselves travel freely across the country. All do so without regard to good weeds management practise.

So weeds management practise is still in its infancy in the NT. Most management is stimulated and often financially supported by government, including in the pastoral industry.

In Katherine tomorrow, the NT government is hosting a weed contractors information session to explain to industry about their move from educating property owners on their responsibility to move into the infancy of a compliance stage. So having spent ten years educating people about their responsibilities, financially helping them, and having a lot of programmes to actually get a weeds management practise underway, they're now at a stage of saying, "Okay, you now know you've got this responsibility. We're going to start to move into the compliance stage." But compared to other states, that's how far behind we are.

Now there's a big cost impost on that, and so if we're saying the natural gas industry is legislated this level, there could be this unintended consequence of catching all the other industries that are nowhere near ready to move to that level of regime.

We, as NARMCO, we are indigenous business development consultants, so we're in the process of helping a consortium of communities develop some quarries out on the western part of the region that will require them to get land access and in some cases land access on pastoral properties. Now, this business will start with zero finance and any grant funding that it can get from government.

If, in the process of getting access to develop a quarry to get materials for roads that are so critically needed by all industries, they get caught up in land access bargaining, and the land-holder has a similar expectation that they will come forth with royalties and all other types of development that the large, well cashed-up industries can afford, little companies like this would not get started, or they would never be able to access the resources on that land.

Currently, on pastoral properties, the Pastoral Act indicates that if you have a pastoral lease, you can expect people to come onto your land to harvest trees, and that can be didgeridoos. So again, from a land access point of view, you've got aboriginal people, hopefully, aboriginal people going out and harvesting trees to make didgeridoos, but if that caught up in some land access regime where there's got to be compensation and additional



royalties and so forth, that could have an unintended consequence that could severely detriment their ability to harvest on those properties.

We've got another aboriginal business who purchased an existing quarry lease. It was initially established 20, 30 years ago when environmental regimes were quite different. Before he could commence, he had to get a mine management plan, so that was a consultancy fee starting at about \$5000. Based on what findings of that were, he was going to have to rehab the site before he could even commence extraction, so he had all of these up-front costs the previous operator didn't, and to some extent, this is an industry that's still in its infancy, and somebody coming interstate might look at that management plan and say, "Gee, that's a piece of cake and very low impost, don't know what you're worried about."

But when you're starting with nothing, a lot of aboriginal people are coming from generational poverty or coming off welfare, all of these additional upfront costs before you can even start to produce your product, nevermind sell it, is an added burden, and I can sort of see that potentially, in the quarry and extractive industry, any impost that goes on the natural gas industry could flow down the line sooner than we would like it to.

We got another company who does a whole variety of things, but they do weeds management. They do roadside slashing, and they have government contracts to manage the roadside amenities, so taking the rubbish and restocking water and firewood and so forth like that, and just coming back to the weeds management, this company, ironically, is actually attempting to get work within the gas industry so they will have good weeds management practises, but just hypothetically, as they're travelling from the Stuart Highway out to the Cape of Carpentaria, if they have to decontaminate along the way, and on return at several locations, because they've gone into roadside stops, a bit like the tourism industry, just stands to make that very un-viable.

We've got Bradshaw, sorry not Wade, but Bradshaw and Timber Creek Contracting Company, so an aboriginal company based at Timber Creek. They formulated as part of an indigenous land use agreement, and part of that is they were given some preferential treatment for some defence contracts. They've been operating for six or seven years. They've got to a stage now where the defence contractors are requiring that they become ISO compliant, if not certified. They got a quote \$800000 to implement [inaudible]. That's beyond them at this stage, although they are fortunate enough for in their industry that long term, they can possibly justify the cost and recoup the cost.

But a lot of it, indigenous and non-indigenous business are getting started in industries that really could not afford to absorb that sort of cost, so whilst the mining industry does maintain that level of standard and insists on it, obviously if you contract to them, the economic return that you can get generally justifies taking those measures. But a lot of our other industries in



the NT are not that viable, and they're a long way from being able to absorb those sorts of costs.

So I guess in closing on that sort of topic is that recommendations related to risk management, we would ask that you keep in context of the ... I guess cognizant of the unintended impacts that it could have on all other industries as these legislation recommendations flow through.

I know that there's a view in the community sector largely coached by outside interests that the onshore gas should be stifled so as not to detract from the interest in investment of renewables. There's a number of concerns about what we consider to be this myopic view. It assumes that the energy companies that can't access gas will automatically focus on renewables. Renewables, broadly speaking, are still heavily reliant on government subsidies. For a company to have spare funds of a large scale RND, they need to be very viable and have cash reserves. Denying energy companies this opportunity to continue to generate revenue through gas reduces the likelihood of them being financially viable to continue with this and other RND.

The view denies a number of small communities, including Katherine, the opportunity to generate income and generate new employment. Sustainable renewables, if achievable at all, is likely to be decades away. It's not fair and reasonable to expect this generation of businesses or this generation of employees, particularly youth, to be denied the access to the development of onshore gas industry. For an industry that is futuristic still has considerable question marks about its own economic and environmental sustainability, and importantly, its capacity to deliver truly consistent energy to meet the needs of all of the energy consumers.

So colloquially speaking, the local community is being asked to take a hit in their pocket or to make way for a renewables industry that has significant unanswered questions regarding its environmental impacts. The infrastructure needed to generate renewables is very contentious. There are reports that indicate manufacturing a wind turbine with an expected lifespan of 20 years will not generate enough energy savings to cover its cost of manufacturing and operation. Manufacturing solar panels involves heavy consumption of energy and generates considerable toxic waste. Anecdotally, I've been advised that 60% of all supply of cobalt comes from the Congo, which child mining labour is still a reality. So there are concerns about the environmental impact, sorry, and there are concerns about the environmental aspects of disposing solar panels at the end of their life.

There are many other real and potential environmental concerns about renewables, and whilst they remain relatively unanswered at this stage, we don't think that it's reasonable that the natural gas onshore industry should be denied an opportunity to develop in the NT based on similar concerns.

The other one is about hidden agendas and you people are much better informed through this process than I am. Lock the Gate is essentially a land



grab trying to change title of land. Some of the anti-fracking movements have overtly said, "We're really about stifling this industry for the investment into renewables," and there are other agendas going on as well.

Sometimes we've got indigenous people, if you look at the Muckety uranium situation, the people the landowners most affected, they inform themselves, they travelled interstate, they received briefings from lots of experts and were well informed as they took this decision about the advantages and the risks. They made a well informed decision and agreed to a waste repository on their land. Non-beneficiaries, some closely involved, consider this route to be poorly and emotively informed, but some people, in assessing who was really driving that, it was the non-beneficiaries, so people who weren't going to be financially benefiting from that were then used as the catalyst by some of the anti-lobbyists, to the point that the landowners were pressured, the land council was pressured, and that decision was overturned.

Now what we're seeing now is the Muckety people running two court cases against their land broker, the Northern Land Council. I guess we're seeing there are similar parallels here, and I mentioned in my previous briefing about the emotional manipulation of indigenous people, not necessarily for the right reasons. In an ideal, what we consider to be an ideal world, was if you were conducting an another intermittent review, would be commissioning a report on where is the money coming from that's funding the various anti-lobbying movements? What is their real agenda? Because it's not a concern about aboriginal people as we see it. It's not concern about the NT economy. It's not concern about the NT environment, 'cause there are lots of other NT environment issues out there that they're completely ignoring. In that sense, being asked to make decisions about stifling or limiting an industry, sorry inhibiting an industry from progressing based on some fairly dubious agendas.

Yesterday in a question to Jeff Crowhurst was about business matching, about what is KMSA, its view about outsiders coming in and what we were doing. Business matching is something that KMSA actively encourages. Any outside business needs some sort or premises, so either a temporary or permanent one locates here. A lot of the industrial land is owned by local businesses, so as an outside business comes in, they will typically get connected up fairly quickly and local businesses may benefit, and they can become their agent, they can be sub-contracted, or they may actually be supplying other services and repairs are made straight to that company.

So we've never considered outsiders necessarily coming in as a major threat. We understand that we don't have the scale, the expertise, or the overall skill capability, and that we do need to match business match-up and partner with other organisations. And in some cases, as Jeff probably didn't get the opportunity to articulate very well, but Crowhurst Engineering was a small mum and dad company for a number of years. They've just recently partnered up with Goodline, who are a national company with over 4000 employees. So it's now Crowhurst-Goodline, and they have a remarkable



expansion of capacity overnight as they move into Goodline's systems, have access to Goodline's technology, have access to a pool of 4000 people that they can call on anytime they need skilled resources, so that's a very practical example where business matching has worked very well.

I think there's probably a range of other issues, but that's probably the core of what I want to get across. Thank you.

Justice Pepper: Thank you very much. Just want to ask you one question. I'm not trying to be clever by this question by any means, but what does social licence mean to you? I agree it's a term of some sort of indeterminate flexibility and meaning, but what does it mean to you?

Theresa C.: I'd probably had to read up on it in the sense of the textbook of what it is.

Justice Pepper: That makes two of us.

Theresa C.: A level of, the community or the stakeholders have a level of trust that the deliverer of the activity is going to do so in a safe and sustainable manner that's not going to cause harm.

Justice Pepper: That's pretty good.

Panelist: Very good.

Justice Pepper: Absolutely. I can't argue with that. Great. Yes, Dr. Anderson.

Dr. Anderson: Yeah, Ms. Cummings, I thought your analysis of social licence was excellent, actually, really excellent, and some food for thought. So I've got a question. How do you explain the different standards. So why is there a social licence for some of those industries? What is it about fracking, do you think, that has this social licence problem?

Theresa C.: My belief is that the industry hasn't come and maintained a permanent presence in the region, so it is about developing relationships. Human natures inherently want to relate to people that they know and then the trust develops, so by not having a permanent presence in the territory generally, part of their problem was that the minister of the day, I guess there was some issues around whose responsibilities was it to educate the broad public about the process of fracking. So the government didn't come out and take that role. Then, they called inquiries. So the industry as we've interpreted felt, well, we better wait for the hulking report to come through before we go out, so there was still a big void. And there's also, in some parts of that industry, has been the view of, while we're exploring and we don't know whether we need to be permanently, whether it'll be viable or not to be there permanently or not, we don't necessarily consider that we have to actively engage with the community because that's, there's a cost attached to that.



So we'll wait until we know whether we've got a firm resource, and then we'll go and engage and educate the community, and it's that thought process that we see as, that may have been an okay theory, but because the reality over here of this anti-fracking movement, that theory isn't working, and you need to adjust that and come right back at the exploration stage and be here permanently and engage and educate very, very actively now. Well before now.

But even now, as KMSA, it's very ... So Jeff mentioned, Jeff Crowhurst mentioned yesterday that KMSA is attempting to get a shop front financially supported by the industry, and hopefully government, but that would be a shop front with factual information where anybody can come in and the actual industry companies can display material about their particular project, have access to topic experts about their particular project and just be a resource for people.

This is August. The government's expected to make a decision by February. In reality, this, in some sense, is all a little bit too late. But in the hope that the industry continue is something that still needs to be done if the industry is allowed to continue, and the sooner that we can get on with it, the better for all concerned.

But that's been part of our dilemma is the industry hasn't wanted to be here permanently because there's cost impost on that, and there's been a philosophy around when they really needed to engage in the community as KMSA, I'm speaking as KMSA now, we very much been about, you already should've been here, coupled with the frustration of government.

Probably the other aspect was the minster at the time took a very negative approach to the anti-lobbying movement. He didn't treat them respectfully. He engaged in abuse on social media that just caused them to get more angry and hostile, and in fact inflaming them kept them much more motivated in that process. In hindsight, that was horrifically unfortunate. Whilst a lot of that was going on in Katherine, his counterparts in Darwin were not taking a lot of notice that that was even going on, so this movement got very, very strong almost under the radar, and when it finally popped out of the box and government at senior level woke up, it was way too strong, and they were behind the 8 ball from then onwards.

Commissioning a whole report, and even that wasn't well marketed. Coming into the last election, the then government was trying to decide, should it also suggest a moratorium to negate Labor's moratorium, and so even within government, it couldn't decide whether it should come out very strongly pro and educate, or whether it should go softly and negate by having the same moratorium, but as a consequence, it didn't fill that void in any way. That's my analysis.

Justice Pepper: Thank you. Yes, Professor Priestly, thank you.



- Prof. Priestly: Ms. Cummings, at the consultations in March, you gave an indication that there was a degree of intimidation against those who wanted to talk about the economic benefits and so on, business benefits to the community. Do you think that that has changed at all as a result of some of the discussions that have gone on relating to this inquiry?
- Theresa C.: Not sufficiently enough. You'll pick up a Tennant Creek newspaper, and there is a recruitment advert there looking for positions for somebody to come work for an indigenous organisation, something or other Seeds, and that position is very much an anti-fracking lobby group, and that advert appeared in the last two or three months. So the anti-lobbying group is still working very hard. They're still out there sharing their propaganda. They are still in indigenous communities working actively. So no, I don't think so, and the group in the middle are closing their ears in the sense that they don't really know what to believe. So they just stopped listening, in some senses.
- Justice Pepper: Yes, Dr. Richie.
- Dr. Richie: Yes, I thought that your discussion of social licence was excellent, but just put it to you that what, sort of the model that you're talking about, I think we all do to an extent, is the idea that it can be influenced. It's influenced merely by something, by the players themselves, so it's influenced by governments. It's influenced by the industry, or it's influenced by lobbyists, and which, how they position and who gets in first, has a major effect on social licence. Our experience on this panel has been that the evidence we've got, and I know we've talked at focus groups, and we ask, "On what basis have you formed these views?"
- It's largely personal, and so people know people who know people or who have experienced the industry in Queensland and New South Wales and have had families that are affected by it. That seems to be the main driver for how they feel about the industry. And I think that, in many ways, social media and the connectedness of ordinary people has been more important than the spin that's done by industry, lobby groups, or the government, and that dealing with the industry will not have a social licence until it actually is an industry that productively engages with the community and can be seen to be doing so. So it's not a matter of spin or who gets in first, it's a matter of actually doing it properly. The evidence we've had from the industry in Queensland is that it still behaves like an international corporation and grows out the top of local people whenever it's in the interests of the industry to do so.
- That's the evidence we've got, and I think that I just sort of put it back to you as where we're up to, at least so far on the panel.
- Theresa C.: Okay. My only comment to that is that stories about people are being fed by people from the anti-lobby group who are imbedded and getting the face to face relationships. Yes, there is the view that industry ... And even from KMSA's point of view, we said right from the start, we were very naïve about



fracking so we wouldn't form a view and we were a long time forming a view, and that was definitely our concern, that they would roll over the top.

We had a nice example where a contractor went and made an approach to Santos, and he was pretty much told, unless you're a member of KMSA, we'd be reluctant to deal with you. It's just one small of example of saying, "Yes, we're committed to engaging at the local level."

That sort of behaviour is a step in the right direction.

Justice Pepper: Anybody else? Again, I notice you were reading from a paper. Is it possible to get a copy of that paper by way of submission? Thank you very much. That'll help, 'cause, again, I thought your discussion of social licence was excellent and timely and very pertinent. It's a term that often bandied about on both sides of the ledger. Without anyone actually sitting down and articulating what's meant by it, what they mean by it, how it's being used. So it was good that you actually engaged in that deeper analysis. So thank you very much for taking time to come and present today and give us another perspective. It's very much appreciated.

Theresa C.: Thank you.

Justice Pepper: Thank you.