

Why Have NSW Liberals Adopted Socialist CSG Policies?

A call for a return to Liberal values and rational economics

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Why Have NSW Liberals Adopted Socialist CSG Policies? A call for a return to Liberal values and rational economics

Introduction

New South Wales Liberals have lost their way over Coal Seam Gas (CSG) and need to re-discover their core principles and the wisdom of Robert Menzies, their founding Statesman.

In this essay, I argue that the NSW Government's management of the Coal Seam Gas industry represents a radical shift away from democratic Liberal Conservative principles and Economic Rationalism, to a form of centralised "command and control" Socialism. The philosophical, economic and social implications of this revolutionary change of direction are discussed. A call is made for a return to rational economic policy and traditional, humane ethics that respect the rights of citizens.

Specifically, I will argue that:

- In their campaign to promote the Coal Seam Gas industry, influential members of the NSW Liberal Party have turned on Menzies' "forgotten people" with a vengeance: treating them as if they are ignorant, "invisible people" who deserve little more than contempt.
- A proud tradition of Liberal Conservatism has been usurped by a bullying authoritarianism that has little regard for the rights and welfare of individuals or the authentic conservative impulse to preserve things of true value to the nation.
- Economic Rationalism, with its support for an efficient free market, a "level playing field", the rule of law, individual enterprise and private property has been replaced by a form of authoritarian Socialism similar to that practiced by the Chinese Communist Party.

The NSW Liberal Party's Position on CSG Mining

Is NSW running out of gas?

Minister Chris Hartcher's rationale for the Government's determined promotion of the CSG industry is that NSW faces a "looming shortfall" in gas supply.

According to Minister Hartcher:

"The NSW Government is extremely conscious of the need to ramp up the industry to avoid gas shortages and higher prices. If we fail to secure future energy supplies, we're going to have serious supply problems."

"Central to maintaining and increasing our State's energy security is the responsible development of a domestic gas industry for the benefit of the whole State. If we are to satisfy the State's own demand for gas, exploration needs to recommence and

quickly to reach a significant level of production before the last of the supply contracts expire in 2017.”¹

Minister Hartcher’s argument for promoting a CSG industry in NSW depends on his claim that there really is a threat of a gas shortage, and the validity of unstated premises that: 1) only methane gas mined in NSW can provide the State with “energy security”; 2) continuing supplies of gas require the development of a new CSG industry in NSW; 3) a CSG industry has to be built in populated areas where people live and farm; and 4) it is preferable to buy gas from companies other than BHP.

BHP Billiton’s Petroleum Chief, Mike Yeager said:

“We want to make sure that the market knows that the Bass Strait field still has a large amount of gas that’s undeveloped.” “We have a lot of gas in eastern Australia that’s available. It’s more important to let the citizens of Victoria and New South Wales, and to some degree, you know, even Queensland ... there’s plenty of gas to supply those provinces for - you know, indefinitely.” “We have gas for sale and we will work with anybody at any time”.²

Minister Hartcher’s recent comments in support of a domestic NSW CSG industry are relevant to his assumption that there are significant advantages associated with buying gas that has been mined in this state.

In his 25 September 2012 speech, Minister Hartcher commented:

“And Richmond Dairies’ Gas Supply Agreement with Metgasco which will see the business remain economically viable with fuel prices consistent with Victorian processors. Dairy farmers around Lismore will avoid processing costs and remain competitive if gas is made available locally.”³

Soon after Minister Hartcher gave Metgasco the go-ahead for a 30 megawatt CSG gas power station in Casino, Metgasco CEO Peter Henderson announced that the company was re-evaluating its plans for the proposed power station⁴. Citing factors including a diminishing regional demand for energy and carbon tax implications, Mr Henderson announced that, if the project went ahead, it would be reduced in size by a factor of 10-15 times, to a 2-3MW plant.

It is unclear why Minister Hartcher believes that Metgasco will sell locally produced gas to local industries at a discount. Metgasco is not a charity. Metgasco is a mining company that seeks to maximise profits for its shareholders. In its promotions to investors, Metgasco highlights the potential of future profits from a rising price of gas and they will presumably sell their product for the best price they can obtain. Is Mr Hartcher offering a guarantee that locally produced gas will cost less than world parity price and that it will be reserved for local consumption?

¹ Hon Chris Hartcher, Minister for Resources and Energy, CEDA Energy Series, Part 3, 25 September 2012.

² Sydney Morning Herald, May 15, 2012.

³ Hon Chris Hartcher, Minister for Resources and Energy, CEDA Energy Series, Part 3, 25 September 2012.

⁴ The Northern Star, 13 September 2012.

Metgasco's power station plan had obvious political leverage and propaganda value, but the downsizing and possible abandoning of this project has shifted attention back to Metgasco's main game in the Northern Rivers: a CSG gas field of at least 1,000 wells that will supply export markets either via pipeline to Gladstone or by offshore shipping. NSW consumers will have to purchase this gas back at world parity prices.

In summary, it appears that Minister Hartcher's arguments for a domestic CSG industry in NSW essentially boil down to his preference for buying gas from a new CSG industry that will have to be established in populated, agriculturally productive areas of NSW, rather than from BHP's natural gas fields. BHP's natural gas fields are already established in unpopulated outback and offshore zones which do not entail the land alienation and adverse effects on communities and the environment associated with CSG gas fields.

The NSW Government's Strategic Regional Land Use Policies

Some NSW Liberals recognise the potential risks from CSG mining, but are reassured by the NSW Government's recently announced Strategic Regional Land Use Policies (SRLUP).

For instance, in a personal communication with the author, NSW Liberal Scot MacDonald wrote:

"I take your point the development (of CSG in the Northern Rivers) will be challenging. I also accept the cumulative scale could be a concern. Although supportive of the industry at a general level, I am quite prepared to lend my weight to any complaint where there is a breach of CSG Code of Practice; Aquifer Interference undertakings; Gateway Certificate undertaking or Development Application undertakings. I have sided with landholders over inappropriate developments in the past. My door/phone/email remains open when presented with a reasoned argument."⁵

Unfortunately, the NSW Government's Strategic Regional Land Use Policies (SRLUP) have no substantive content and offer no real protection from the risks posed by CSG mining. They appear to be designed to merely facilitate the rapid development of the industry.

The SRLUP policies are underpinned by an a priori assumption that CSG mining is undoubtedly worthwhile and safe, and that any emergent problems can be effectively managed. CSG mining with its multiple wellheads and extensive lateral drilling and depressurising of coal seams, is a new, highly invasive and as yet poorly understood technology. The Government appears to dismiss out of hand the real possibility that CSG mining is fundamentally flawed and unsafe and should not be broadly implemented in the blind hope that everything will be all right.

The appropriately named "Aquifer Interference Policy" does nothing to protect groundwater. Rather, it assumes that CSG mining will interfere with aquifers, and the policy merely specifies that when ground water levels drop to certain levels, mining

⁵ Scot MacDonald, personal email to the author, 17 September, 2012.

companies will have to make good the loss to farmers, presumably by trucking in CSG wastewater for them to use.

Amongst other measures, the NSW SRLUP policies: fail to protect drinking water catchments; downgrade Aquifer Interference Regulation to a policy with no legal teeth; permit fracking, which will be used in an estimated 25 to 40% of wells⁶; abandon the pre-election promise of “no go” agricultural zones; provide a weakened “gateway process” which has little to no relevance for most of the countryside; and abandon earlier commitments to cost-benefit analysis and a public interest test.

The lack of real protection provided by the NSW Government’s Strategic Regional Land Use Policies has been publicly recognised by some non-Liberal politicians, but must also be apparent to Liberal parliamentarians who objectively analyse the policies.

According to the Federal Independent Tony Windsor:

“From what I have seen of both the strategic land use and aquifer interference policy it really doesn’t do anything.” “They are both pretty sensitive areas (Bellata and the Liverpool Plains) and decisions have to be based on objective science. I don’t see much

of that in what NSW has put out.” “There’s some pretty tough cookies out there, they are not peasant farmers, they are serious business people, and they are not going to have their businesses eroded on the basis of dodgy science.” “They are good operators, they look after the soil, they are not out there farming for a joke and they won’t like being trivialised.”⁷

Liberals on impacts of CSG mining

There are differences amongst Liberal Party members regarding the significance of possible adverse environmental, social and economic impacts from establishing a new CSG industry in populated rural areas of New South Wales.

In personal communications to the author, Scot MacDonald minimised the likely impact of a CSG industry in the Northern Rivers, and argued that:

“I view the emergence of gas fields in northern NSW as an exciting chapter in the economic development of the region.”⁸ “In my mind, the Metgasco development (in the Northern Rivers) will be more comparable to Camden rather than the Queensland experience. Mainly because of geography, geology and population density.”⁹

By contrast, Federal Liberal Senator Bill Heffernan does not minimise the nature and extent of the dangers posed by CSG mining. Rather, in a letter to the author, Senator Heffernan expressed his concerns in the following way:

⁶ <https://www.tai.org.au/index.php?q=node/19&act=browse&type=1>

⁷ MP Tony Windsor, The Farm Online, 20/09/2012.

⁸ Scot MacDonald, email to the author, 14 September 2012.

⁹ Scot MacDonald, email to the author, 17 September 2012.

“From the many witnesses who appeared at the Senate hearings into CSG, they all share similar concerns and views like you (i.e., the author), they are all extremely worried about these serious environmental and health related issues. I am most alarmed about the contamination of aquifers from coal seam gas fracking and we need to adopt a full and comprehensive, social and environmental assessment of current and future coal seam gas projects.”

“More concerning is the environmental impact and damage to our prime agricultural land caused by fracking to our water supply and impact on Australia's food security, this is most disturbing. For instance we just need to look overseas, in USA where a myriad of environmental problems with this industry has arisen yet we just seem to be ignoring the short term and long term implications.”¹⁰

In a 2005 speech to the NSW Legislative Assembly, Mr Chris Hartcher expressed similar concerns regarding the deleterious impacts of CSG mining on water systems in the Central Coast region that he represents:

“However, the people of the Central Coast cannot be sacrificed on the altar of economic expediency. Their entitlement to clean, safe water must be paramount.”

“It is well-known that in the northern Pilliga forest, massive environmental damage was caused by Eastern Star Gas at its Bohena No. 2 drill site as a result of exploration practices. Experiences in the United States of America, and in the State of Wyoming especially, clearly demonstrate disastrous problems associated with this industry through groundwater loss, contamination and waste water. Water is used extensively in gas exploration, as it is in gas mining and development. The Yarralong and Dooralong valleys account for 50 per cent of the water catchment of the Central Coast. This is in a country that is short of water, in a State that is now in its fifth year of drought, and in an area of the Wyong shire that at present is required to purchase water from the Hunter Valley. Therefore the ground water issue is not an irrelevancy or one to be dismissed in a single rhetorical phrase. It is at the very heart of this debate.”¹¹

Whatever view one takes regarding the significance of potential negative impacts from establishing a new CSG industry in populated rural areas, it is undeniable that regions such as the Northern Rivers have never before confronted a development of the scale and likely impact of that proposed by Metgasco.

It is clear that, if realised, Metgasco's plan for at least 1,000 CSG wells¹² would transform a large area of the Northern Rivers into gas fields similar to those around Tara and Chinchilla in Queensland, but in scenic countryside that is much more intensively used for agriculture. Industrialisation on this scale would inevitably result in a countryside marred by a spider's web of wells, pipes, roads, fences and wastewater ponds.

¹⁰ Sen Bill Heffernan, letter to author, 10 September 2012.

¹¹ Chris Hartcher speech to NSW Legislative Assembly, HANSARD, 3 May 2005.

¹² ABC North Coast, 28 May 2012.

Presumably, other NSW Liberals share Minister Hartcher's concern regarding the serious risks posed by CSG mining, but support his notion that it is acceptable to force the industry onto unwilling people who live in areas of the State other than the Central Coast.

If Minister Hartcher's attitude is representative, then NSW Liberals have entered a new age in which their Party has lost contact with, and regard for, Robert Menzies' "forgotten people"; the very constituency that the Liberal Party is supposed to represent.

Why has the NSW Liberal Party abandoned Menzies' "Forgotten People"?

Former Prime Minister Bob Menzies would not recognise the current NSW Liberal Party.

In his 1942 speech which set the philosophical foundations for the Liberal Party, Robert Menzies argued that the "salary-earners, shopkeepers, skilled artisans, professional men and women, farmers and so on" that make up Australia's middle class, are "the backbone of this country".

For Menzies, these "forgotten people" are "taken for granted by each political party" because they are "for the most part unorganised and unself-conscious", and are "not rich enough to have individual power".¹³

Robert Menzies understood that Australia's well-being does not depend on rich and powerful individuals and companies, or large organised unions. He knew that this country is made decent and prosperous as a result of the lives and work of many average middle-class Australians.

It appears that some Liberals do not understand the nature of the social movement that opposes CSG industrialisation in the Northern Rivers and other areas where people live and farm.

The people who make up the anti-CSG movement in the Northern Rivers cannot be stereotyped as professional protesters, extremists or radical greenies. As is the case with similar groups across the country, a typical meeting of our local Kyogle Group Against Gas brings together people from diverse walks of life, including farmers, shop keepers, builders, small-business owners, truck drivers, teachers, nurses, religious clergy, Shire Councillors, labourers, legal practitioners, medical and mental health professionals, firefighters, scientists, office workers, retirees and others. Very few of these people have protested in the past. They truly are members of Menzies "middle class", the "forgotten people".

Citizens opposed to the CSG industry share essentially conservative values, an appreciation of "nature's gifts of beauty rich and rare", and a belief that valuable community assets should not be put at risk except under the most compelling circumstances.

It appears that many Liberals also do not appreciate the magnitude of the social movement that opposes the CSG industry.

¹³ Robert Menzies, Radio Broadcast, 22 May 1942, Reprinted in "The Forgotten People" Sydney. Angus & Robertson 1943.

In the Northern Rivers there have been unprecedented rallies, with 500 people marching in Kyogle, 7,000 in Lismore, and 4,000 in Murwillumbah. It takes a lot to get country people to town to attend a protest march, and the opposition to enforced CSG industrialisation is even greater than these numbers suggest.

In the recent local government elections, in an optional poll 21,608 people (86.9%) in the Lismore local government area opposed CSG exploration and production.

In response to the rapidly spreading CSG Free Roads and Communities campaign¹⁴, many thousands of Northern Rivers' residents have voted to keep their roads and communities CSG free. Every household along every road is being surveyed, and these surveys consistently find that opposition to CSG runs uniformly in the high 90% level across the region. Such findings are unheard of in Australian politics and reflect the high degree of concern and resistance felt by the community.

The citizens who oppose CSG industrialisation of their countryside feel the same passion that Minister Hartcher demonstrated for his Central Coast when he was in opposition. Like Minister Hartcher, opponents of the CSG industry deeply believe that their community "cannot be sacrificed on the altar of economic expediency" and that "their entitlement to clean, safe water must be paramount."¹⁵

Like Minister Hartcher, citizens who oppose the CSG industry also object to the State Government ignoring their Local Council's position on CSG. They share the sentiment expressed by Mr Hartcher that "The proposal with which we are presented is process driven. It may well comply with the Act, but it certainly is not compliant with the need of the people of the Central Coast for clean, safe water."¹⁶

The people who oppose CSG in the Northern Rivers are no different from the people of the Central Coast whom Mr Hartcher described as being "very conscious of the fact that this Government walks all over them. They know the Government does not take a great interest in their concerns."¹⁷

The announcement of the Strategic Regional Land Use Policies and the approval of further CSG exploration and production licences marked a turning point for the NSW Government. The Liberal and National Parties can no longer be substantially differentiated from the Labor Party which, up until recently, bore sole responsibility for the mismanagement of CSG in this State. Presumably, many Liberals hope that Minister Hartcher is right in his prediction that affected people will just get used to CSG mining, like they got used to uranium mining.

The NSW Liberal Party might want to treat the "forgotten people" as if they are "invisible people" of no consequence, and hope that they remain "unorganised and unself-conscious", but this seems unlikely.

¹⁴ www.csfgreenorthernrivers.org

¹⁵ Chris Hartcher speech to NSW Legislative Assembly, HANSARD, 3 May 2005.

¹⁶ Ibid.

¹⁷ Ibid.

The “forgotten people” in affected rural areas are being forced to the realisation that the NSW Liberal Party does not have their interests at heart and is determined to impose on them an unwanted, authoritarian Socialist style economic agenda. Abandoned by the political parties, these citizens are joining the social and environmental movement that opposes CSG gas fields being built where people live and farm.

Is NSW CSG Policy “Liberal Conservative” or “Authoritarian Socialist”?

Current New South Wales coal seam gas policy clearly favours corporations over individuals. Landowners are denied the right to control access to their properties and, if CSG miners choose to do so, they have the legal power to force entry onto anyone’s property. The situation in NSW differs from that in Western Australia, where freehold title holders can control access to their properties and negotiate appropriate compensation.

Governments have always had the right to compulsorily resume private land provided they pay fair compensation, but this is not what happens under current CSG policy. The Onshore Petroleum Act allows CSG miners to operate on private land with the payment of a fee of up to a few thousand dollars per well. The NSW Government's attitude is that mineral rights give them and CSG miners the right to use privately owned land on the surface to pursue their business.

In NSW no compensation is payable for the losses of amenity, quiet enjoyment or the productivity of CSG affected land. No account is taken of the loss in land value caused by CSG mining, or of financial and social impacts due to this compulsory devaluing of privately owned assets.

Are NSW CSG policies examples of good Liberal conservative governance, or are they in effect an authoritarian Socialist agenda imposed over the rights of individuals?

Does State ownership of mineral rights justify the compulsory loss of a landowner’s right to control access to their property, uncompensated damage to their assets, and unwanted impacts on their private businesses?

Liberals on individual rights and government power

The Liberal Party has always recognised that a tension exists between the rights of individuals and the power of governments. Liberals argue that the nation is best served if the rights of individuals are protected against the power of authoritarian centralised government, be it of the Left political spectrum in the form of Socialism, or to the Right in the form of Fascism.

In regards to authoritarian governments of the “Right”, Robert Menzies observed:

“Fascism and the Nazi movement are both based upon a social philosophy which elevates the all-powerful State and makes the rights of the individual, not matters of inherent dignity but matters merely of concession by the State. Each says to the

ordinary citizen, ‘Your rights are not those you were born with, but those which of our kindness we allow you.’¹⁸

Robert Menzies described authoritarian governments of the left, and Australian Socialism in particular, as follows:

“In reality the Australian Socialist view, bluntly expressed, is that the individual is destined to be the servant of the State whose corporate political wisdom will direct and control his activities, leaving him little freedom of choice but a clear duty to obey.”¹⁹

According to Menzies’, the enterprise and rights of individuals are more important for the nation's well-being than decisions made by centralised governments:

“The first thing to be understood is that Governments may control, or suggest, but of themselves they do not create things. Their function is to aid a climate in which individual enterprise will be demanded, and encouraged, and rewarded.”²⁰

Robert Menzies argued for a “Liberal Creed” that protects the rights of the individual:

“We have learned that the right answer is to set the individual free, to aim at equality of opportunity, to protect the individual against oppression, to create a society in which rights and duties are recognised and made effective. In this free society, the tyrannical notion of an all-powerful State is rejected, and dogmatic Socialism with it. In its place, we have put opportunity without any class privilege, social and economic justice, and the civilised democratic conception that governments are not the masters of the people, but their servants.”²¹

Robert Ellicott described the Liberal Party’s support for freedom of choice and individual enterprise, and expressed a fundamental distrust in the ability of centralised power to deliver effective governance:

“There is a Liberal democratic vision for Australians which contrasts vividly with Labor’s corporate state. It regards Australia’s greatest resource as the courage, energy and talents of its people. It believes that individual Australians given freedom of choice and the chance and encouragement to make the most of their capacities, are those best able to advance our cultural, spiritual and material wealth. It places little faith in the capacity of bureaucrats, politicians and large corporations of labour and capital to do it.”²²

¹⁸ Robert Menzies, Radio Broadcast, “The Four Freedoms”, 19 June 1942, Reprinted in *The Forgotten People*, Sydney: Angus & Robertson 1943.

¹⁹ Robert Menzies, “The Foundations of Australian Liberalism”, Address to Liberal Party Federal Council, 6 April 1964, in Graeme Starr, *The Liberal Party of Australia: A Documentary History*, (1980) 217-218.

²⁰ *Ibid.*

²¹ Robert Menzies, “Our Liberal Creed”, Speech to Liberal Federal Council, Canberra, 6 April 1964.

²² Robert Ellicott, “Liberals Forget that Policies are made for People”, *The Australian*, 21-22 December 1985.

Similarly, Malcolm Fraser argued that, “The Liberal view is that the goals of Australians should be set by Australians themselves in the course of their own lives”, and government “does not, and should not, set detailed goals for individuals”.²³

Malcolm Fraser expressed a characteristic Liberal suspicion of authoritarian government that seeks to direct the lives of ordinary citizens, and argued that:

“The notion of an all-embracing community will and an over-riding community interest, represented by a ruling group which claims to have the insight to discover what the community really wants, has been the basic rationale for totalitarian movements which suppressed people in the interests of a myth. Government is not the embodiment of the community. It is a set of institutions within a wider society.”²⁴

Premier O’Farrell and Ministers Hartcher and Hazzard would surely find it offensive if an authoritarian Socialist government decreed that for the “common good” a pig pen would be built in everyone’s backyard. Property owners would be paid a rent, but would receive no compensation for, and could not legally object to, the consequent smell, loss of quiet enjoyment and diminished value of their properties. Metgasco’s proposed CSG operations in the Northern Rivers will have impacts far worse than any hypothetical pig pen.

Liberals on the limits of individual freedom

The Liberal Party has long defended individual liberty and freedom. Robert Menzies quoted John Stuart Mill’s ethical principal that, “the only purpose for which power can be rightfully exercised over any member of a civilised community, against his will, is to prevent harm to others”²⁵, and argued that:

“Here again we have a pregnant truth. It is a good rule, not only of common law but of social morality, that we must so use our own (power) as not to injure others. The man who claims too much aggressive liberty for himself may be getting it at the expense of somebody else. Liberty is for all, not for some.”²⁶

In a perverse application of Liberal principles, Minister Hartcher has recently attempted to use individual rights and free choice to justify the establishment of new CSG gas fields in areas where they are not wanted by the majority of the population. Minister Hartcher argued that:

“It is easy for certain landholders to object to CSG – but under a tightly regulated regime, is it fair that they deny others the ability to drought proof their property and earn income to ease the challenges of living off the land?”²⁷

The Hansard record indicates that Minister Hartcher well understands the potential damage to groundwater systems caused by CSG mining, and the Aquifer Interference

²³ Malcolm Fraser, “Government and the People”, Sir Robert Menzies Lecture, 25 September 1975.

²⁴ Ibid.

²⁵ Robert Menzies, Radio Broadcast, “The Four Freedoms”, 19 June 1942, Reprinted in *The Forgotten People*, Sydney: Angus & Robertson 1943.

²⁶ Ibid.

²⁷ Hon Chris Hartcher, Minister for Resources and Energy, CEDA Energy Series, Part 3, 25 September 2012.

Policy accepts, and does nothing to prevent, the inevitable lowering of water tables in CSG gas fields. It therefore seems ironic for the Minister to argue that farmers “drought proof their property” by signing up for CSG mining that will deplete and lower their bores, even if it gives them a few thousand dollars.

It seems reasonable to argue that the farmer who wants CSG mining on his property against the wishes of his neighbours fits Menzies’ description of “the man who claims too much aggressive liberty for himself” and gets it “at the expense of somebody else”.²⁸

It also seems reasonable to argue that the loss of an individual’s right to have CSG mining on his property due to the objections of other members of the community, is consistent with John Stuart Mill’s ethical principal, as quoted by Robert Menzies, that, “the only purpose for which power can be rightfully exercised over any member of a civilised community, against his will, is to prevent harm to others”.²⁹

Liberals on individual enterprise

Scot MacDonald provided a contemporary reaffirmation of fundamental Liberal support for individual enterprise when he told the NSW Parliament that:

“It is a credit to the Liberal Party that it remains the voice for small business and the market economy. I recognise that development, but one of the core features of our party must be that it remains a bastion for private enterprise and our parliamentary team must continue to reflect that ethos”.³⁰

Robert Menzies argued that “the protection of small business” and “the retention of the freedom of many thousands of citizens to establish themselves in the business of their own choice” is “essential to the community structure and growth”.³¹

For Malcolm Frazer, the Liberal Party “is fundamentally committed to a private enterprise economic system” that is “premised on the belief that what produces the best economic and political results is an economy based on private property and income, in which normal economic activity consists of commercial transactions voluntarily entered into by individuals and groups.”³²

NSW Liberals have deeply offended many decent working people with their suggestion that the CSG industry is being forced upon them against their wishes because it will “revitalise” the Northern Rivers economy. This argument is perceived to be insulting because it demonstrates ignorance towards the lifework of people in this region and an arrogant denial of their right to self-determination and free enterprise.

I will use my own case to illustrate what is wrong with this pseudo-economic argument for enforced CSG industrialisation, not because my situation is anything special or different

²⁸ Robert Menzies, Radio Broadcast, “The Four Freedoms”, 19 June 1942, Reprinted in *The Forgotten People*, Sydney: Angus & Robertson 1943.

²⁹ *Ibid.*

³⁰ Scot MacDonald, Inaugural Speech to NSW Parliament, 24 May 2011.

³¹ Robert Menzies, Address at the Inauguration of the Liberal Party of Australia - Sydney, 31 August 1945.

³² Malcolm Fraser, “Liberalism - The Philosophy That Shapes Government Policies and Actions”, Address to Liberal South Australian State Council, 5 December 1980.

from the kind of story that many other people in the region could tell, but because I understand it best.

My wife and I have worked and lived in the Northern Rivers since the mid-1970s. It is true that as a professional clinical psychologist I would earn more if I worked in a capital city, but like almost everyone else in the Northern Rivers, we did not choose to live here in order to become rich. Money is not the standard by which we judge the worth of our lives and work. We are motivated by a commitment to leave the world a little better for our having lived in it.

My contribution to the mental health of our community has to be measured in terms of the reduced suffering of the hundreds of distressed and traumatised clients I have treated, not by the income I earned in my private practice.

The true worth of our beef cattle farming operation should not be assessed by income or turnover, but rather in terms of the quality of the food we produce, the health and welfare of our animals, and the progressive improvement of our pastures.

Our bush regeneration work and published research³³ has resulted in the widespread dissemination of new, effective techniques for removing lantana in inaccessible forested areas. We have returned to health some 300ha of degraded Australian native hardwood forests on our property. These now healthy forests represent a significant carbon sink and are protected for the community by a lien on our property title. We feel that our bush regeneration work has been valuable, even though it has made us no income at all.

And now, for the most suspect of reasons, Liberal Party spruiker's for the CSG industry want to impose their authoritarian agenda onto the community and country where we work.

Minister Hartcher is on the record as understanding very well the impacts that the CSG misadventure could have on our farm. Stresses caused by CSG industrialisation would undoubtedly increase work for clinical psychologists, and show up as increased income and GDP growth, but this is an evil outcome.

At the end of the Toonumbar Valley where we live there are two World Heritage rainforests. If you follow the creeks to the tops of the ridges, the highest points in Kyogle, you will find where the water comes out of the ground. Aquifer-fed springs have sustained these rainforests for millions of years. If CSG gas fields depressurise these aquifers by even a couple of metres, these rainforests could be severely damaged or even destroyed; a tragic loss, unrecognised and inevitably denied by those who would be responsible.

The point is that, like so many other people in the Northern Rivers, we care for our country and are proud of our work and contribution. We reject as offensive any suggestion from politicians or CSG mining executives that the relatively lower levels of income received by people in the Northern Rivers indicates that the community here is under-performing in any way, or that it does not pull its weight or contribute significantly to the greater good of Australia.

³³ Somerville, S., Somerville, W., & Coyle, R. (2011). Regenerating native forest using splatter gun techniques to remove Lantana, *Ecological Management & Restoration*, Volume 12(3), December 2011.

We strongly object to the determination of certain Liberal Party politicians to “ramp up” what history will judge to be an ill-conceived, dangerous experiment in social and environmental engineering. Their actions defy rational economics and Liberal Conservative principles, and betray a lack of ethical concern for other people.

Rational Economics, CSG and the Liberal Party

The Communist Chinese economy provides an instructive example of an alternative capitalist system. The Chinese economic model is differentiated from the West by its greater degree of state-ownership and an underlying authoritarian political philosophy, which eschews Western notions of democracy, individual rights and the rule of law.

The Chinese government uses various state-owned companies to manage the exploitation of resources that they consider belong to the State. They use selected privately owned companies to dominate certain economic sectors. The State uses markets to create wealth that can be directed as political officials see fit. The Chinese economy represents a form of capitalism in which the State acts as the dominant economic player and uses markets primarily for political gain, rather than for maximising benefits to all citizens.

In the West, “Economic Rationalism” as supported by the Liberal Party emphasises the importance of free markets, and opposes economic interventions that are decided by politicians, bureaucrats, or sectional interests. The philosophy is not about the adoption of a laissez-faire approach, but rather argues for the maintenance of a “level playing field” by opposing sectional advantage and ad hoc subsidies, and by defending private property rights and the rule of law.

In a speech to the NSW Parliament, Liberal Party member Scot MacDonald argued for Economic Rationalism and against centralised government interference in the economy:

“I remember well past State and Federal campaigns in which candidates proudly proclaimed themselves to be enemies of economic rationalism. According to these, mainly Independent, budding politicians, the bush was missing out and the answer was a more command-and-control economy. These populists preyed on the insecurities of the country as cross-subsidies and inefficient policies were dismantled. Of course, these were hard decisions, but regional communities will never reach their potential if government distorts the economy with protectionist, inefficient policies that do not support entrepreneurial activity.”³⁴

With their current CSG policies, NSW Liberals are championing authoritarian centralised “command and control” economics, and a deliberate distortion of the free market through biased regulation, selective subsidies, weakening of the rule of law, and an undemocratic favouritism that undermines individual rights to benefit favoured businesses over the interests of the community.

In short, it appears that in their management of the CSG industry, the NSW Liberal Party has rejected Economic Rationalism to pursue an agenda that closely resembles the economics practised by the government of Communist China. As in China, the NSW Government justifies all their actions on the basis that minerals and gas belong to the State.

³⁴ Scot MacDonald, Inaugural Speech to NSW Parliament, 24 May 2011.

Cost-benefit analyses

In their Strategic Regional Land Use Policies the NSW Government abandoned its earlier commitments to cost-benefit analysis and a public interest test for CSG developments. In doing so, the Government demonstrated that it thinks that it knows what is best, and is willing to force this course of action on to citizens regardless of their opinions. Such attitudes and actions are characteristic of “command and control” Socialism, and should be an anathema to all members of the Liberal Party.

Genuine cost benefit analyses should guide rational economic decision making and could inform debate as to whether building new CSG gas fields in populated areas constituted legitimate development, which enhances community assets, or destructive exploitation, which diminishes environmental, social and human capital.

But even in the absence of formal cost benefit analyses, good policy is possible provided it is based on common sense and principles of liberal democracy.

Prior to his election, the Premier of Queensland, Campbell Newman announced that there would be no CSG or other form of invasive mining in the area known as the Scenic Rim, which is on the other side of the Border Ranges from the Northern Rivers. Premier Newman understands that the Scenic Rim is valuable for its agriculture, tourism and environment, and CSG mining has no place there. Premier Newman knows that the Scenic Rim’s environmental and community assets will be increasingly precious in the future as population growth continues in south-east Queensland.

Given that it was obvious to Minister Hartcher that his Central Coast region was too precious to be put at risk by CSG mining, his determination to impose CSG gas fields on the Northern Rivers can only be interpreted as an exercise in bullying and favouritism.

The rule of law

Current NSW policy undermines the “rule of law” by selectively exempting the CSG industry from established development application processes that evaluate all other developments in terms of the benefits and costs to the environment and the community.

There can be no legitimate reason why in this age of heightened awareness of legal liability, risk assessment and duty of care obligations, we have a situation in NSW where thousands of CSG gas wells, with all their associated infrastructure and activity, can circumvent Local Council regulation and be given what is in effect carte blanche approval.

A relatively less intrusive development for a rural area, such as 1,000 chicken farms or 1,000 brothels, would require careful consideration of environmental, social, economic and health impacts for each and every farm or brothel. Why should not each and every CSG well be subjected to similar development application processes?

There is no rational economic justification for a centralised government overriding the rights and opinions of local government and individual citizens in order to impose an unwanted CSG industry. Many Liberals, from Robert Menzies through Malcolm Fraser to some contemporaries, would recognise this is as an example of a centralised authoritarian

government forcibly imposing its will onto unwilling individuals with no regard for the resulting damage to their lives or businesses.

State induced CSG economic inefficiencies

Economic Rationalists and rational economists within the Liberal Party naturally oppose State induced inefficiencies and distorting ad hoc subsidies.

In his speech to parliament, Scot MacDonald criticised distorting subsidies:

“I particularly feel strongly about State induced inefficiencies. Well-intentioned support is inevitably popular and sorely needed in times of stress. But then the protection and/or funding become entrenched and are fiercely defended once established. But someone always loses and in my experience they are often the least organised or vocal.”³⁵

Not all State induced inefficiencies and subsidies take the form of direct financial support. The NSW Government’s CSG agenda introduces a raft of economic inefficiencies, unwarranted costs and distortions that undermine the free market and operate as de facto subsidies and protectionism for one industry favoured over the small businesses of many citizens.

Real estate agents have experienced a falloff in enquiries and land sales in Kyogle since Metgasco announced its plans to establish gas fields and a pipeline in the area. As a result of decreased land sales, and a consequent drop in land values, the NSW government has forgone significant stamp duty, land tax and other revenues which represent, in effect, indirect subsidies for Metgasco, their favoured enterprise.

Metgasco rents offices and does not own land. The company therefore is not liable for Local Council rates. Like other landowners, we pay substantial rates, and approval for almost any development we wish to pursue comes with a requirement to contribute extra payment for road and bridge work. As a consequence of the Government’s decision to “ramp up” CSG operations in the Northern Rivers, ratepayers will bear the substantial costs of repairing damage to the local road system caused by Metgasco’s heavy vehicles. This is yet another distorting subsidy that gives an unfair advantage to the Government’s favoured enterprise while harming many rate-paying local small businesses.

The watered down environmental assessment and other requirements of normal development application processes for the CSG industry, and exempting the industry from Local Government control, reduce costs to the miners. But this also further subsidises their operations by shifting the cost of the damage that they do to the environment, the community and to other small enterprises.

The Government’s intrusion into what should be a free market process has imposed enormous costs on concerned citizens who are working to oppose the imposition of the CSG industry in the Northern Rivers. The time and energy that has been spent in such activities as attending meetings, writing to politicians and preparing submissions, has

³⁵ Scot MacDonald, Inaugural Speech to NSW Parliament, 24 May 2011.

directly impacted on the productivity of many small, privately owned businesses across rural Australia.

The use of the Onshore Petroleum Act to permit CSG companies to negatively impact private property and small businesses while exempting them from paying full and fair compensation for the damage they do, destroys the “level playing field” and unfairly advantages a large company over small businesses.

In his inaugural speech to the NSW Parliament, Scot MacDonald objected to authoritarian centralised governments using policies such as the Native Vegetation Act to intrude into the operations of private landholders. Mr MacDonald rightfully objected to the implication of such legislation that treats decent farmers as if they are “environmental vandals”. The Government’s use of the Onshore Petroleum Act to impose a CSG industry on private landholders, and the implied attitude that private landowners who object are “extremists” who don’t know what is good for them, is surely an insult far greater than that inflicted by the Native Vegetation Act.

What Would a Rational CSG Policy Look Like?

Imagine a State in which an ethical Government truly supported Liberal conservative values, economic rationalism and respect for individual enterprise.

On a free market “level playing field” CSG companies would be afforded no special favouritism, or impediment, to their pursuing their business.

In the absence of distorting policies and regulatory exemptions, CSG companies, like all other businesses, would have to submit Development Applications to Council for each well, fence, road and workers’ camp that they wanted to build. Each development would be considered on its merits with reference to an assessment of benefits and impacts on neighbours, the community and the environment. Councils could apply appropriate fees to any approved development as a contribution to maintaining the local road system and other infrastructure.

Landowners would maintain control over access to their properties and the right to use their assets as they see fit within the laws of the land. Property owners could exercise their democratic right to either be involved in, or to reject, Council-approved mining operations. Landowners who wanted to participate in the industry would be able to enter into fair negotiations with equal legal status to the mining company.

If CSG companies such as Metgasco had to operate fairly in a free market environment, without the distorting support of a centralised “command and control” government, it seems likely that they would decide that establishing gas fields in populated rural areas was uneconomic and not worth the trouble.

One effect of a rational CSG economic policy based on free market principles would likely be that CSG companies would gravitate to less populated, less agriculturally important, and less environmentally sensitive areas.

If only we had a State government that truly supported Liberal Party principles.

Conclusion

The NSW Liberal Party has started down a perilous path with its decision to “ramp up” the CSG industry. Nonetheless, as the saying goes, “it’s not over until it’s over”, and the shift towards an authoritarian Socialist agenda can be readily reversed and policy based on Liberal Conservative and rational economic principles restored.

Recent political history shows how quickly support can wither away when the public perceives that a government has abandoned its core principles. Kevin Rudd’s high approval ratings evaporated almost overnight when he backed away from an environmental policy.

Some Liberals, such as Scot MacDonald, appear to recognise the need to restore confidence in Parliamentary democracy, even after the government achieves a landslide election victory:

“Clearly, we have important economic, social and environmental goals to prosecute, but I believe they will not easily be attained if this Parliament does not restore confidence in our political institutions and representatives.”³⁶

In his 1986 speech, Robert Ellicott sounded a prescient warning for the NSW Liberal Party that remains relevant today:

“This is a crucial time for the Liberal Party. It is in danger of forgetting the fundamental truth that has been its strength - that policies are made for people not people for policies. The impression its people are getting is that Liberal politicians are prepared to fight for policies more than for the people they represent.”

“But now there is an increasing awareness among our people that they must do it themselves. What’s more, they are no longer willing to remain forgotten. The farmers and small business people are making that clear. The forgotten people are becoming militant. They may soon be marching in the streets.”

“If the Liberal Party does not quickly identify itself with its traditional constituency by talking their language and representing their aspirations in a forthright, practical and comprehensible way, other forces could well take over.”³⁷

But the last word should go to Robert Menzies:

“But what really happens to us will depend on how many people we have who are of the great and sober and dynamic middle-class - the strivers, the planners, the ambitious ones. We shall destroy them at our peril.”³⁸



³⁶ Scot MacDonald Inaugural Speech

³⁷ Robert J. Ellicott: Liberals forget that policies are made for people. Address to the 18th Young Liberal National Convention, 9 January 1986.

³⁸ Robert Menzies, Radio Broadcast, 22 May 1942, Reprinted in “The Forgotten People” Sydney. Angus & Robertson 1943.