

Environment Centre NT



Media release: Environment groups slam Middle Arm Budget announcement, calling it a fossil fuel subsidy for a petrochemical precinct

The Environment Centre NT has slammed the Albanese Government's announcement that the Federal Budget will commit \$1.5 billion for the Middle Arm Petrochemicals Hub in Darwin Harbour.

Co-Director of the Environment Centre NT Kirsty Howey says,

"Funding the Middle Arm Industrial Precinct is a broken promise by the Albanese Government. Labor MPs have indicated that a Labor Government won't fund new oil and gas projects, and that's exactly what the Middle Arm Petrochemicals Precinct is."

"There's absolutely nothing sustainable about the Middle Arm Project. It's about toxic petrochemicals and plastics production in Darwin Harbour using fracked gas from the Beetaloo Basin."

"The Minister's commitment of funding for the Middle Arm Industrial Precinct is simply shovelling huge amounts of taxpayer funds to the climate-wrecking fossil fuel industry. The Albanese Government can't have it both ways: you can't take action on climate and fund climate-destroying projects like Middle Arm."

"A major [report](#) released by ECNT by US environmental scientist Dr Michael Petroni modelled the likely impacts of this precinct and found there could be devastating health and harbour impacts if it goes ahead, including an increase in industrial air pollution of over 500%. It's dangerous for the people of Darwin."

"It's premature in the extreme to commit this funding now. There's been no cost benefit analysis, no environmental impact assessment, and it's not supported by the people of the Northern Territory. It will be a disaster for climate and health and the taxpayers should not be funding it."

"The Middle Arm petrochemical hub will transform Darwin into another cancer alley, with toxic industries located just three kilometres away from residential areas."

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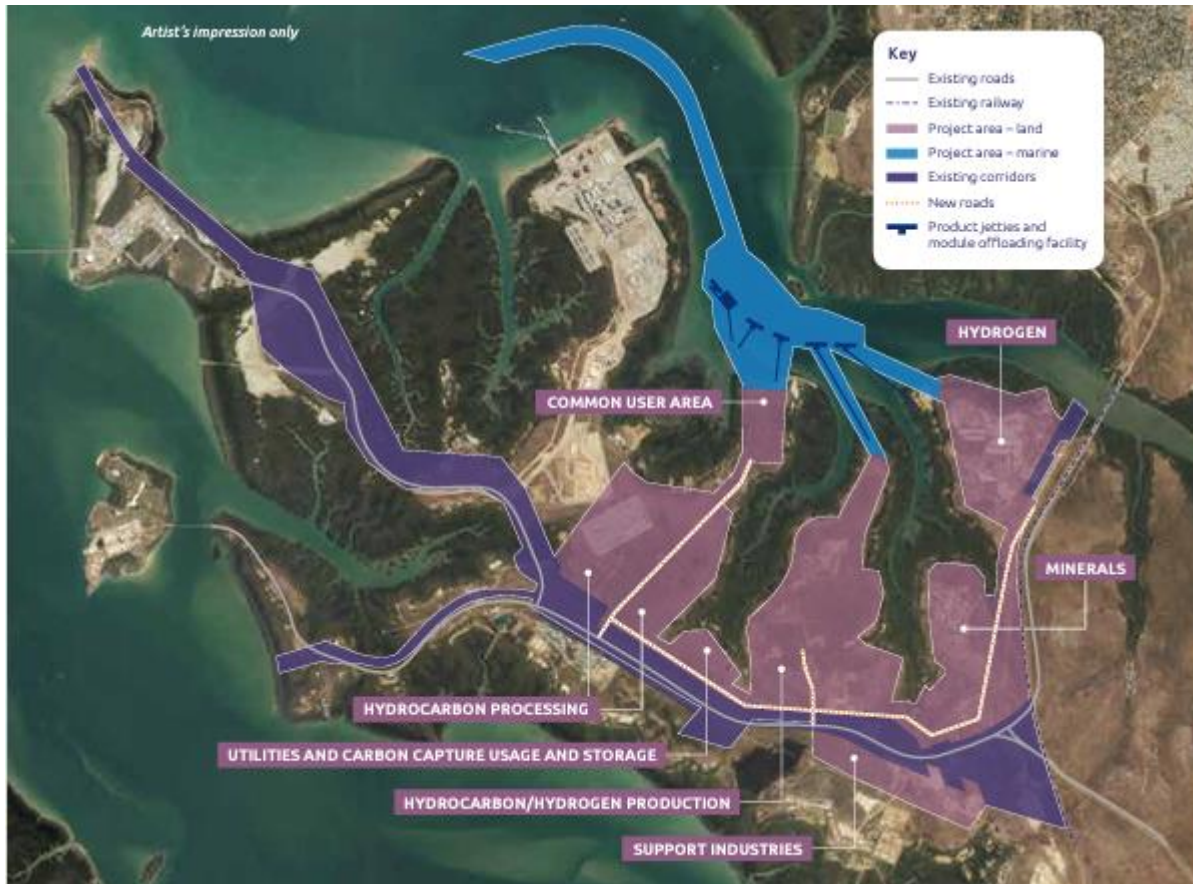
Contact: Dave Krantz 0429 671 803 For previous media releases see [here](#) and [here](#).

What is the Middle Arm Sustainable Development Precinct?

'Middle Arm' is in the middle of Darwin Harbour, a few kilometres away from southern Darwin suburbs (including the city of Palmerston). It is the site of two existing LNG export facilities, run by INPEX (called Ichthys) and Santos (called Darwin LNG, which will be used to process gas from the controversial offshore Barossa project).

Companies and the NT Government are proposing to expand industry on Middle Arm to include more gas processing, including large new petrochemical facilities, minerals processing, CCS and hydrogen.

Despite recent NT Government rebranding of this industrial zone as the ‘Middle Arm Sustainable Development Precinct’, it is clear its primary function is to expand the gas industry and establish a petrochemical industry. The following picture is from a recent NT government presentation. It shows that the majority of the precinct will be used for gas processing, hydrogen and carbon capture and storage, with small areas set aside for minerals processing.



If built, this zone would accelerate some of Australia’s biggest gas projects, becoming a foundational demand source for gas and other hydrocarbons from the Beetaloo Basin, or offshore in the Timor Sea. Tamboran CEO Joel Riddle told a Senate inquiry in October that “the gas that will be extracted from the Beetaloo will be necessary for a full range of industrial purposes at the Middle Arm Sustainable Development Precinct, near Darwin”.

Federal funding commitments for the Middle Arm petrochemicals zone

In a press release accompanying the last Coalition Budget in 2022, just before the election caretaker period, [Barnaby Joyce](#) announced over \$7 billion in infrastructure funding. The keystone was \$2 billion for Middle Arm, including:

- **“1.5 billion** to build new port infrastructure, such as a wharf, an offloading facility and dredging of the shipping channel, to boost the region’s importing and exporting ability...
- **\$300 million** to support low emissions LNG and clean hydrogen production at Darwin, together with associated carbon capture and storage infrastructure.
- **\$200 million** to further develop the Middle Arm Sustainable Development Precinct, delivering enabling infrastructure such as a rail spur and a new road network to strengthen supply chains.

Chris Bowen, Minister for Climate and Energy, has stated that [public funding will not be used to support fossil fuel projects](#).

Poor process behind funding for the Middle Arm Petrochemicals Zone

The Morrison government committed \$2bn to the Middle Arm precinct with no cost-benefit analysis, no climate impact analysis, no public health analysis. Even Joyce's press release made clear there was as yet no business case for the funding.

The funding was committed without advice from Infrastructure Australia, agency whose job it is to give advice on infrastructure spending. Infrastructure Australia recently [told the Senate](#) (page 45) that they were not involved in the funding commitment. A request for federal government support for the project is at only the very earliest stage of assessment and [cannot proceed](#) to cost-benefit analysis without a business case. Note that Anthony Albanese established the agency when he was Infrastructure Minister.

Nor is there any environmental assessment to justify the funding. The gas and petrochemical zone is far from being approved at either Territory or Commonwealth levels. The NT Government is currently conducting a 'strategic assessment' for the development, branded as the "Middle Arm Sustainable Development Precinct". The objective of this process is to allow projects on Middle Arm to be able to get approval within 60 days without any public consultation. Public consultation on the 'strategic assessment' is occurring now.

Health impacts of Middle Arm Petrochemicals Zone

The Middle Arm Petrochemicals Zone is likely to cause [serious health impacts](#).

Gas and petrochemical production is closely associated with serious health risks, especially from air pollution, as well as water pollution and dangers caused by accidents. The area of Louisiana, USA, filled petrochemical facilities is also known as "Cancer Alley" due to the high rates of cancers in that area, well understood in scholarly literature to be associated with the petrochemical industry.

While it is still unclear what sort of processing would occur on the site, the NT Government proposes:

- "Liquefied Natural Gas (LNG)
- Ammonia and derivatives
- Urea and derivatives
- Ethylene and derivatives
- Methanol and derivatives
- Gas to liquids (GTL)"

Moreover, NT Government presentations have given examples of the type and scale of facilities that could be built on the site.

ECNT engaged an expert, Dr Michael Petroni, to assess the air pollution and industrial accident risks of the scenario put forward by the NT Government. Dr Petroni is an US expert in industrial pollution and environmental policy and has worked with the US EPA. His report modelled impacts in Darwin based on pollution from similar facilities elsewhere around the world.

Dr Petroni [found](#) the proposed facilities at Middle Arm

- may increase industrial fine particulate emissions by 513% in the region, resulting in \$75 million of additional health impacts, equivalent to 15 premature deaths per year;
- may increase the industrial cancer hazard in the region four-fold due to releases of formaldehyde, acetaldehyde, polycyclic aromatic compounds, and additional air toxins.

The Middle Arm Development could multiply emissions of particulate matter, sulfur dioxide, and nitrogen oxides by factors of between two and five. Carbon monoxide emissions may increase eight-fold, while volatile organic compounds emissions (VOCs) from the facility would more than double those emitted today in the region – both are precursors to harmful ground-level ozone.

These emissions could have serious health consequences for local populations, beginning with those who are already vulnerable, such as those with asthma. The large quantities of fine particulate matter emissions alone that would result from the complex, which form through the combustion of fuels or through gaseous emissions reacting with the environment, would likely shorten the lives of the people breathing it over time, as it is closely associated with increased mortality from all causes, cardiovascular disease, respiratory disease, and lung cancer.

Fueling Climate Change

The \$2 billion to Middle Arm is a subsidy to expand the gas industry. The zone would largely rely on gas as a feedstock for the creation of petrochemical products such as fertilisers and plastics.

The funding will not only increase emissions from its own operations, but as a major source of new gas demand, it would help accelerate development of enormous gas and other hydrocarbon reserves in the Beetaloo Basin and the Timor Sea. The public funds would be helping those gas developments get to scale.

Dr Petroni estimated that the Middle Arm Precinct would itself generate 15 million tonnes of carbon emissions per year, increasing the NT's emissions by 75%.

Opening up the Beetaloo Basin could increase Australia's emissions by [up to 22%](#) and impact Australia's commitments under the Paris Agreement.

As the world moves away from fossil fuels as an energy source, petrochemicals production is being used to economically justify continued fossil fuel development.

This is dangerous for the climate, as every stage of the lifecycle involves carbon emissions. Emissions are created at every stage of the process, not only the energy-intensive process of cracking gas into plastic feedstock (where renewable energy is proposed to be used for electricity instead of gas).