



PRIME MINISTER

Reference: MC20-026465

05 JUN 2020

The Hon Michael Gunner MLA
Chief Minister of the Northern Territory
GPO BOX 3146
DARWIN NT 0800

Dear Chief Minister

Thank you for your letter dated 27 February 2020 regarding emissions associated with development of an onshore gas industry in the Northern Territory.

Our Governments have a mutual interest in developing an onshore gas industry in the Northern Territory. This was formalised in the Memorandum of Understanding on Northern Territory Gas Industry Development our Governments signed in 2018.

Gas will play an important role in creating jobs, growing our economy and moving to a lower emissions future. That is why my Government committed \$8.4 million in the 2018/19 Budget to assist the Northern Territory in developing the Beetaloo Basin. The Beetaloo Basin has the potential to become a world class gas resource and will bring new opportunities for the Northern Territory and for Australia.

I note your Government's commitment to ensure there is no net increase in the life-cycle greenhouse gases emitted in Australia from any onshore shale gas produced in the Northern Territory (recommendation 9.8 of the Pepper Report). I am interested in the strategies you are considering to reduce and offset emissions from onshore gas projects, including encouraging the uptake of technologies to manage fugitive emissions and to capture and store carbon.

While the Australian Government did not respond to the recommendations of the Pepper Report, we are committed to meeting and beating our emissions reduction targets without a carbon tax, without driving up electricity prices, without sending emissions offshore, and without leaving Australians behind.

My Government would like work with you to unlock new jobs and growth through energy projects while reducing emissions. I have asked the Minister for Energy and Emissions Reduction, the Hon Angus Taylor MP, to work with your Government on an energy and emissions reduction bilateral agreement, as was recently agreed with New South Wales.

We look forward to working with you to facilitate the development of onshore gas in the Northern Territory.

I have copied this letter to Minister Taylor and to the Minister for Resources, Water and Northern Australia, the Hon Keith Pitt MP.

You ^{s22}



SCOTT MORRISON



CHIEF MINISTER

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The Hon Scott Morrison MP
Prime Minister of Australia
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

I am writing to further our partnership and advance our efforts to develop the Northern Territory's onshore gas industry. This industry is projected to contribute \$4.6 billion in national taxation revenue and will provide significant benefits not only to Territorians, but to all Australians.

My Government's decision to support the development of the onshore gas industry was centred on the acceptance of all 135 evidence-based recommendations proposed by the independent Scientific Inquiry into Hydraulic Fracturing in the Northern Territory (the Pepper Report).

On 17 April 2018, I wrote to the then Prime Minister, the Hon Malcolm Turnbull MP, as well as the Hon Josh Frydenberg MP, then Minister for the Environment and Energy, outlining these recommendations (a copy is enclosed). A memorandum of understanding was subsequently signed in November 2018 to advance these efforts.

A continued collaborative effort between the Northern Territory Government and the Commonwealth Government is required in order to realise the successful implementation of a number of the proposed recommendations.

One of the recommendations of the Pepper Report is to seek to ensure that there is no net increase in the life cycle greenhouse gas emissions emitted in Australia from any onshore gas produced in the Northern Territory. This recommendation is consistent with Australia's greenhouse gas emission reduction commitments under the Paris Agreement and the Northern Territory's science-based aspirational target of net zero emissions by 2050.

The Northern Territory Government continues to recognise the importance of gas as a transitional fuel in the global transition to a low-carbon future. Our role as an energy exporter will continue to improve energy security and national growth and reduce global emissions, especially within the Asia Pacific Region.

I thank you for your support that guarantees there will be no national net increase in greenhouse gas emissions from the development of the Northern Territory's onshore gas industry.

Additionally, the Northern Territory Government and the Commonwealth Government will benefit from continuing our discussions regarding the feasibility of a prospective national gas reservation

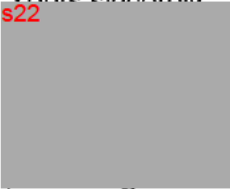
scheme, given the potential for the Territory's gas reserves to enhance energy security and affordability, and to contribute to Australia's emissions reduction targets.

The Northern Territory Government supports a considered and proactive approach to manage climate change-related risk, in regards to both emissions reduction and adaptation. The unprecedented bushfire season has highlighted the need for a nationally coordinated effort to manage these risks. I welcome the opportunity to discuss adaptation to the social, economic, and environmental impacts of climate change, including the impacts of the Northern Territory's 2019-20 bushfire season, at the upcoming Council of Australian Governments' meeting in March 2020.

The Northern Territory Government looks forward to working in partnership with the Commonwealth to progress the implementation of key recommendations, discuss a prospective national gas reservation scheme, and harness the opportunities inherent in proactively responding to climate change.

Yours sincerely,

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ER

27 FEB 2020



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The Hon Malcolm Turnbull MP
Prime Minister of Australia
Parliament House
CANBERRA ACT 2600

Dear Prime Minister

Malcolm

I write to you regarding an unprecedented national opportunity for our governments to jointly develop northern Australia, take a large step towards a cleaner energy future, and to close the gap in Indigenous disadvantage.

As you will be aware, the independent *Report of the Scientific Inquiry into Hydraulic Fracturing of Onshore Unconventional Reservoirs in the Northern Territory* (the Final Report) was presented to the Northern Territory Government on 27 March 2018. After full consideration of the Final Report, my Government has made the decision to accept all 135 recommendations and lift the moratorium on hydraulic fracturing in the Northern Territory.

The Inquiry's findings highlight the potential for the onshore shale gas industry to deliver significant economic benefits for the Territory and nation more broadly, while making a contribution to securing Australia's energy future.

The Final Report identifies that in order to mitigate and reduce the risks associated with an onshore shale gas industry in the Northern Territory to an acceptable level, all 135 recommendations must be implemented.

There are key areas where we will need to work collaboratively with the Commonwealth to realise this shared opportunity, including:

- a commitment by both our governments to work in partnership to ensure there is no net increase in life cycle greenhouse gas emissions in Australia from any onshore shale gas produced in the Northern Territory, consistent with Australia's commitments under the Paris Climate Accord;
- receipt of funding through the Commonwealth Geological and Bioregional Assessment (GBA) program to undertake a strategic regional environmental and baseline assessment (SREBA) of the Beetaloo Sub-Basin as a first step, given the potential national significance of this resource, and ahead of granting any production approvals in the Northern Territory; and
- consideration by the Commonwealth of the Inquiry's recommended amendments to the *Environment Protection and Biodiversity Conservation Act 1999*, to apply the 'water trigger' to all onshore shale gas development to ensure comprehensive assessment of environmental impacts, particularly in relation to surface and groundwater systems.

I have written to the Minister for the Environment and Energy, the Hon Josh Frydenberg MP, outlining the details of the Northern Territory's requests regarding these matters.



The Report estimates that a future shale gas industry will have flow on taxation revenue benefits for the Commonwealth of \$4.6 billion, and increase national real income by \$11.9 billion over 25 years.¹

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In addition I urge you to commit, at a minimum, to match the Northern Territory Government's funding for the following:

- a dedicated regional royalty fund, as per recommendation 13.1 of the Final Report in regards to ensuring that the regions that are the source of royalty revenue benefit from shale gas extraction;

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I look forward to working collaboratively with your government to develop northern Australia, take a large step towards a cleaner energy future, and to close the gap in Indigenous disadvantage.

Your s22
s22



MICHAEL GUNNER

17 APR 2018

Cc:

The Hon Josh Frydenberg MP, Minister for the Environment and Energy
 Senator the Hon Matthew Canavan, Minister for Resources and Northern Australia
 Senator the Hon Nigel Scullion, Minister for Indigenous Affairs

¹ Estimates based on the 'Wind' scenario outlined in the Final Report of the Inquiry, p353.