

DEPARTMENT OF THE PRIME MINISTER AND CABINET

PM&C
Secretary
Mr Duggan
Ms Wilson
Mr Goldsworthy
Ms De Hosson
Mr Poels
Mr Martin

To: Prime Minister

NORTHERN TERRITORY ONSHORE GAS INDUSTRY

PMO
Dr Kunkel
s22
CABINET
SECRETARY

Recommendation: that you:

1. Sign the draft response (Attachment A) to the Northern Territory (NT) Chief Minister, the Hon Michael Gunner MLA, supporting the development of the NT onshore gas industry and committing to work with the NT to manage emissions through existing policy frameworks.

s22

Signed / Not Signed

SCOTT MORRISON

ate:

5.6.2

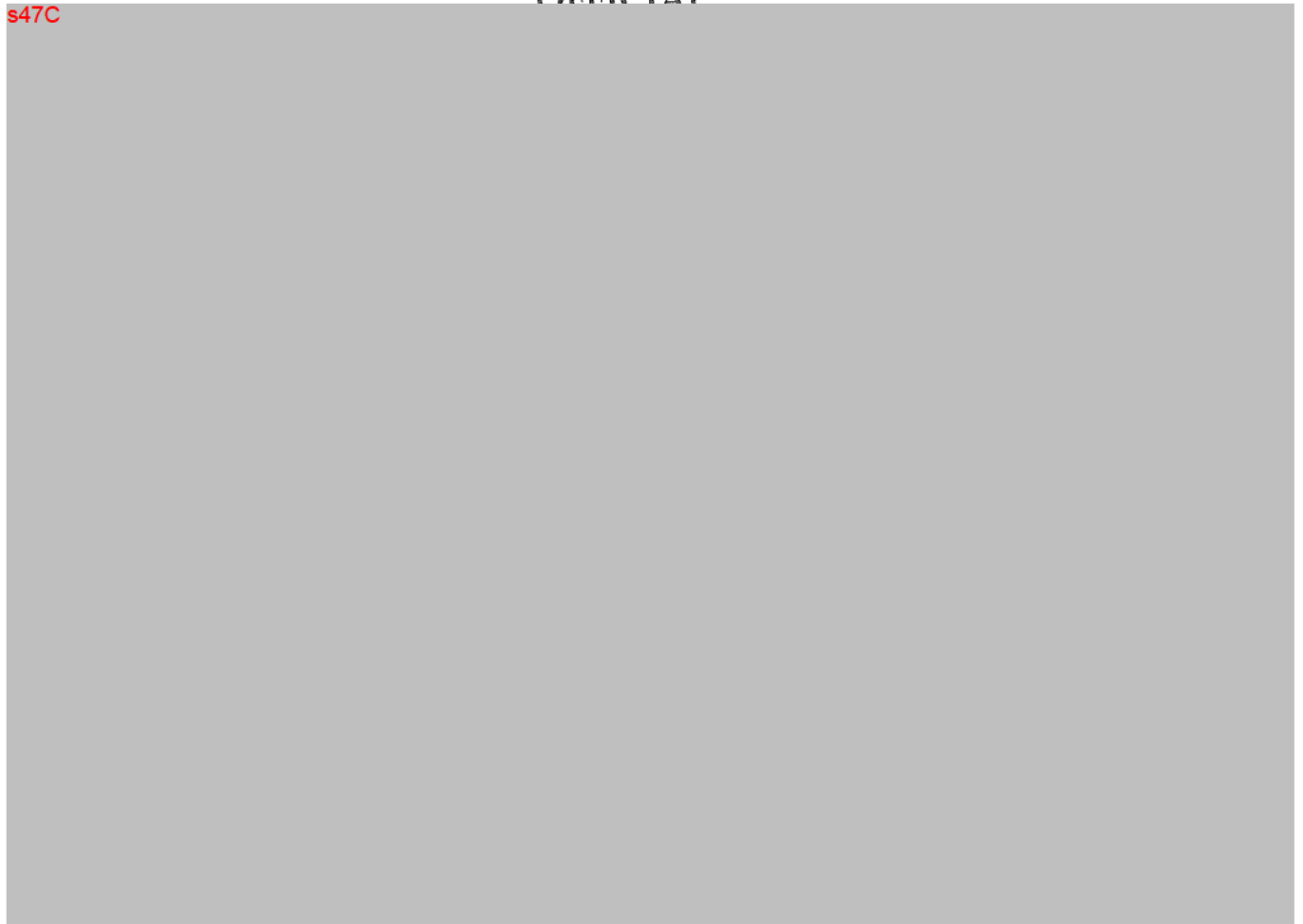
Comments:

Key Points:

1. s47C

- a. The NT Government agreed to recommendation 9.8 of the *Scientific Inquiry into Hydraulic Fracturing in the Northern Territory* (the Pepper Report): 'that the NT and Australian governments seek to ensure that there is no net increase in the life cycle GHG emissions emitted in Australia from any onshore shale gas produced in the NT'.
- b. The Commonwealth did not respond to the recommendation, but has offered to work with the NT to manage emissions from onshore gas development through existing policy frameworks, s47C
s47C Your draft reply (Attachment A) reaffirms this position.
- c. In the Memorandum of Understanding (MoU); Attachment C, referenced in the Chief Minister's letter, the NT and Commonwealth 'agree that a proactive approach to planning and investment is critical to ensure an efficient delivery of infrastructure that minimises cost, environmental and social impacts'. The sharing of expertise, technical studies and infrastructure are agreed as the means of proactive collaboration.

s47C



Rachael de Hosson
A/g Assistant Secretary
Environment, Energy and Climate Change Branch
12 March 2020

Policy Officer: s22
Phone no:
Consultation: Fiscal, CabDiv, CommState,
Environment.

OFFICIAL

ATTACHMENTS

ATTACHMENT A DRAFT RESPONSE

ATTACHMENT B INCOMING CORRESPONDENCE

ATTACHMENT C NT/COMMONWEALTH ONSHORE GAS MOU

OFFICIAL



CHIEF MINISTER

Parliament House
State Square
Darwin NT 0800
chief.minister@nt.gov.au

GPO Box 3146
Darwin NT 0801
Telephone: 08 8936 5500
Facsimile: 08 8936 5576

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

s22

ER

27 FEB 2020



CHIEF MINISTER

Parliament House
State Square
Darwin NT 0800
chief.minister@nt.gov.au

GPO Box 3146
Darwin NT 0801
Telephone: 08 8936 5500
Facsimile: 08 8936 5576

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

s22



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;

s22



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.

Yours sincerely,

s22



MICHAEL CORNER

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.

MEMORANDUM OF UNDERSTANDING

NORTHERN TERRITORY GAS INDUSTRY DEVELOPMENT

MEMORANDUM OF UNDERSTANDING FOR COLLABORATION TO SUPPORT THE DEVELOPMENT OF THE NORTHERN TERRITORY GAS INDUSTRY

BETWEEN

the **Commonwealth of Australia** as represented by the Department of Industry,
Innovation and Science
ABN 74 599 608 295

and

the **Northern Territory of Australia** as represented by the Department of Trade,
Business and Innovation
ABN 84 085 734 992

Date of Operation

This Memorandum of Understanding (**MOU**) comes into operation on the date of execution of this MOU by both parties.

Parties

This MOU is made between the following Parties:

1. the **Commonwealth of Australia** as represented by the Department of Industry, Innovation and Science
ABN 74 599 608 295, Industry House, 10 Binara Street, Canberra, Australian Capital Territory
(the **Commonwealth**)
2. the **Northern Territory of Australia** as represented by the Department of Trade, Business and Innovation
ABN 84 085 734 992, Development House, 76 The Esplanade, Darwin, Northern Territory of Australia
(the **Territory**)

Context

This MOU is made in the following context:

- A. The Commonwealth and the Territory (together, the **Parties**) recognise that the Northern Australia offshore gas resources and Northern Territory onshore gas resources are nationally and internationally significant.
- B. Following a comprehensive scientific inquiry into hydraulic fracturing the Northern Territory has lifted the moratorium on hydraulic fracturing and is advancing the necessary regulatory reforms to facilitate development of onshore gas.
- C. The Commonwealth and the Territory recognise that the potential timing and scale of gas production, and lead times for supporting infrastructure investment, workforce development and business capacity building, necessitates a focus by both governments on scoping of actions and investments by industry and governments in the development of the gas industry.
- D. The Commonwealth and the Territory agree that a proactive approach to planning and investment is critical to ensure an efficient delivery of infrastructure that minimises cost, environmental and social impacts and maximises long-term benefit to the Northern Territory, Northern Australia and Australia as a whole.
- E. The Commonwealth and the Territory acknowledge the existing areas of collaboration in development of the Northern Territory Gas Industry, including:

- (i) the Geological and Bioregional Assessment Program,
- (ii) the partnership with CSIRO to deliver technical frameworks, guidelines and enforceable Codes of Practice,
- (iii) the agreement with CSIRO for implementation of a Gas Industry Social and Environmental Research Alliance,
- (iv) the proposed secondments of specialist staff.

1. Purpose of MOU

- 1.1.1. The purpose of this MOU is to set out the intentions of the Parties to collaborate to support the development of the Northern Territory Gas Industry and gas leveraged industries.

2. Objectives of the Parties

- 2.1.1. The Parties share the objective of developing the Northern Territory Gas Industry to meet social, environmental and economic outcomes. Objectives include:
- a. contributing to national energy security,
 - b. establishing the Northern Territory as a world class gas production, manufacturing and services hub by:
 - i. expanding the Northern Territory LNG export hub,
 - ii. growing the Northern Territory service and supply industry,
 - iii. establishing gas based manufacturing and energy intensive industries,
 - iv. growing the Northern Territory research, innovation and training capacity,
 - v. contributing to Australia's energy security by supplying gas to the Eastern Gas Market, and
 - c. manage social and environmental impacts,
 - d. driving industry collaboration, including around:
 - i. infrastructure investment,
 - ii. Aboriginal economic development,
 - iii. common industry practices, and
 - iv. opportunities for research, innovation and training.

3. Utilising existing initiatives

- 3.1.1. The Parties agree to consider the application of existing programs to achieve the shared objectives, including:

- a. whole of government coordination through the Major Project Facilitation Agency to support offshore and onshore gas projects and gas leveraged projects,
- b. identifying potential programs to support the Middle Arm Industrial Precinct, including with pre-feasibility assessments,
- c. identifying opportunities for collaboration with the Industry Growth Centres to assist in development of the Northern Territory Gas Industry and its alignment with industry development priorities,
- d. the Regional Deal proposed for the Barkly region and how it complements the overall objectives of this MOU in relation to economic development of the region,
- e. working collaboratively to identify key supply chain routes for the Beetaloo Sub-basin and associated industry to facilitate efficient movement of freight and improved safety,
- f. supporting eligible offshore and onshore gas projects and gas leveraged projects through the North Australia Infrastructure Facility (NAIF) to support strategic project development within the areas identified in the MOU. The Commonwealth and Northern Territory Governments note that this support recognises that funding decisions by the NAIF board are made independently,
- g. expanding secondment arrangements between Commonwealth and the Territory to facilitate the sharing of expertise to support the implementation of this MOU including enabling activities such as the implementation of the recommendations of the Scientific Inquiry into Hydraulic Fracturing in the Territory.

4. Forward Work Program and Delivery

4.1. General

- 4.1.1. The Parties acknowledge that collaboration may, over time, broadly comprise:
 - a. participation in, and secondment of expertise to support, the delivery of the shared objectives,
 - b. technical, environmental and other expert studies to support development of the Northern Territory Gas Industry and gas leveraged industries, and
 - c. delivery of infrastructure and programs in support of the Northern Territory Gas Industry and gas leveraged industries.
- 4.1.2. The Parties acknowledge the importance of strategic planning and studies in shaping future development and industry competitiveness of the Northern Territory.

4.2. Forward Work Program

- 4.2.1. The Parties agree to develop and progress a Forward Work Program that may include, but is not limited to, technical, environmental and other expert studies in the following areas:
- a. economic and social infrastructure,
 - b. logistics planning,
 - c. environmental and social assessments,
 - d. economic and commercial assessments,
 - e. workforce development,
 - f. business capability and
 - g. research, innovation and training.
- 4.2.2. The Parties agree to work together to develop an initial Forward Work Program as a priority.
- 4.2.3. The Parties agree to:
- a. identify sources of funds to support a Forward Work Program,
 - b. develop supporting principles, including for:
 - i. co-investment in a Forward Work Program,
 - ii. procurement of actions under a Forward Work Program,
 - iii. ownership of intellectual property in materials developed for and in connection with actions under a Forward Work Plan.
- 4.2.4. The Parties agree that a Forward Work Program needs to be responsive to the pace of offshore and onshore development.
- 4.2.5. The Parties acknowledge that the initial focus of a Forward Work Program will be on supporting development of offshore gas fields and onshore shale gas development in the Beetaloo Sub-basin and that it will be expanded over time to include other areas in the Northern Territory that are suitable for onshore gas development.
- 4.2.6. The Parties agree that a Forward Work Program may be further developed and amended, by agreement of both Parties in accordance with this MOU.

4.3. Delivery of infrastructure and programs

- 4.3.1. The Parties acknowledge that a Forward Work Program will deliver supporting information and materials that provide the basis for potential infrastructure investments and programs to support development of the Northern Territory Gas Industry and gas leveraged industries.

- 4.3.2. The Parties agree to give due consideration to infrastructure and program proposals.

4.4. Governance arrangements

- 4.4.1. The Parties agree that a Forward Work Program Committee (**FWPC**) will be established under this MOU to progress the Forward Work Program.
- 4.4.2. Each Party will nominate one (1) member for the FWPC and agree that nominees will be at least the equivalent of a Deputy Chief Executive Officer or Deputy Secretary unless otherwise agreed.
- 4.4.3. The FWPC will:
- a. meet as soon as practical after the execution of this MOU, and then as agreed by the members of the FWPC, and
 - b. regularly report to the responsible Ministers in each jurisdiction:
 - i. on progress in developing an initial Forward Work Program, and
 - ii. once agreed, on the progress of activities under the Forward Work Program.
- 4.4.4. A detailed Terms of Reference for the FWPC will be prepared setting out governance arrangements, including membership, meeting arrangements, leadership, and roles and responsibilities.

5. General

5.1. Term of MOU

- 5.1.1. This MOU will have effect for five (5) years from the date of execution by both Parties unless the Parties agree in writing to extend the operation of this MOU to a specified date.

5.2. Effect of MOU

- 5.2.1. The Parties acknowledge the importance of this MOU and confirms their intention to comply with its terms as they apply to that party. However, this MOU does not create legally enforceable obligations between the Parties.

5.3. Representatives

- 5.3.1. The Commonwealth and Territory have each appointed a representative identified in item 1 of Schedule 1 (*Notice Details - Party Representatives*). A party may change its representative by notice to the other party.
- 5.3.2. The Parties will ensure that the appointed representatives are authorised to act in relation to this MOU. The appointed representative is the first point of contact for the other party in relation to any disputes arising under this MOU.

- 5.3.3. A notice that is given by a Party may be signed by that Party's representative or other authorised officer.

5.4. Variation

- 5.5. This MOU can only be varied with the written agreement of both Parties.

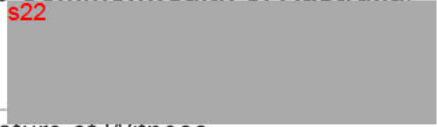
5.6. Termination

- 5.6.1. Subject to clause 5.1, this MOU will continue to have effect unless it is terminated by one of the Parties providing written notice of termination.
- 5.6.2. The Parties agree to work together to agree and implement any transition arrangements following the termination of this MOU.

Signatures

SIGNED by Senator The Honourable)
Matthew Canavan for and on behalf)
of the **Commonwealth of Australia:**)

s22


Signature of Witness

s22


Signature

Date: 15 November 2018

The Hon. Ken Vowles
Name of Witness

SIGNED by The Honourable)
Michael Gunner MLA for and on)
behalf of the Northern Territory of)
Australia:

s22


JASON SCHOOEESTER
Name of Witness

s22


Signature

Date: 15 November 2018

SCHEDULE 1

For the purposes of this MOU, the representatives are as listed below:

A. NOTICE DETAILS - PARTY REPRESENTATIVES

| Party | Representative | Position | Email |
|--------------|-----------------|-------------------------|-----------------------------|
| Commonwealth | Mike Lawson | Deputy Secretary | mike.lawson@industry.gov.au |
| Territory | Michael Tennant | Chief Executive Officer | michael.tennant@nt.gov.au |