

# POLICY STATEMENT

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## **GROWING THE NORTHERN TERRITORY ECONOMY: ENERGY FOR JOBS, BUDGET REPAIR AND ECONOMIC GROWTH**

The CLP supports the continued development of the onshore gas industry in the Northern Territory.

The production of onshore gas has been taking place for 50 years in the Territory without incident and five separate scientific reviews have concluded that a properly regulated industry will not harm our environment. This includes the independent inquiry into hydraulic fracturing in the Northern Territory that found that *“based on extensive evidence collection and expert reviews on all aspects of exploration and development in the NT environment, that with appropriate regulation the NT could safely support an onshore gas industry”*.<sup>1</sup>

In April 2020, CSIRO concluded a comprehensive 3-year study into the onshore gas industry and essentially found no impact on air quality, soils, groundwater and waterways.<sup>2</sup> Other Australian reviews have come to similar conclusions.

### **Onshore Gas Presents Exciting Economic Opportunities for the Territory**

The NT Inquiry, Chaired by Justice Pepper found that a commercial onshore gas industry could create 13,600 jobs and generate over \$3.7 billion in taxation revenue.

Over \$400 million has already been spent on exploration in the Beetaloo Basin, creating jobs for locals and income for local Territory businesses as well providing exploration royalties to the Native Title holders.

In the wake of COVID-19, demand for natural gas has dropped by about 4 per cent, but according to a report by the International Energy Agency published on 11 June 2020 the long-term forecast remains strong.<sup>3</sup>

A Moody's credit report on the Territory issued in late-May found that, despite the Territory's high net debt position and economic downturn, onshore gas provides the best hope for increasing own-source revenue and will provide support for future economic stimulus.<sup>4</sup>

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<sup>1</sup> Summary of the Final Report, Scientific Inquiry into Hydraulic Fracturing in the Northern Territory (April 2018)

<sup>2</sup> Gas Industry Social and Environmental Research Alliance, 'Australian first research by CSIRO'S GISERA examines hydraulic fracturing impacts on air quality, soils, groundwater and waterways' (Media Release, CSIRO, 27 April 2020) 1.

<sup>3</sup> International Energy Agency, Gas 2020: Analysing the impact of the COVID-19 pandemic on global natural gas markets (June 2020) 3.

<sup>4</sup> Moody's Investor Service, *Northern Territory (Australia) Update to credit analysis* (27 May 2020).

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## **A Cleaner Fuel Generating Investment in Renewable Technology**

Currently, approximately 75 per cent of Australia's electricity is generated using coal. The situation is much the same around the world, with coal representing a high percentage of utility generation and energy consumption.

The Territory has the opportunity to help cut carbon emissions in Australia and around the world through the sale of natural gas, which has been shown to reduce carbon emissions by 50 per cent or more. As a result of its use of natural gas over many years, power generation in the Territory has far lower emissions than other parts of Australia.

Not only will natural gas help combat climate change by reducing emissions as a cleaner transitional fuel, the tax and royalty revenues raised from onshore gas can be used to invest in renewables (such as solar and hydrogen) and carbon offsets that will provide an additional benefit.

## **Building a Manufacturing Industry in the Territory**

Natural gas is a critical input for industrial manufacturing and hundreds of products are produced utilising gas as an input. Pharmaceuticals, consumer goods and feedstock for hundreds of additional products are all produced using natural gas.

Everything from air mattresses to yarn is made using natural gas. Boats, cameras, detergent, electrical tape, fertilizers, glue, hand lotion, ink, luggage, motorcycle helmets, nylon rope, paint brushes, roofing, shampoo and many, many other products are all made using natural gas.

There is an exciting opportunity for the Territory to be the base of manufacturing for these products, but that requires a reliable, low-cost supply of natural gas.

This could represent a game-changer that secures the economic future of the Territory. The benefits to the Territory would include thousands of local jobs and billions of dollars in tax and royalty revenue and private economic investment.

## **How the CLP will ensure a commercial onshore gas and manufacturing industry in the Territory**

If elected, a CLP Government will:

- Task the new Independent Office of the Territory Coordinator to:
  - (1) oversee construction of critical infrastructure necessary to facilitating a commercial onshore gas industry in the Territory, including the construction of privately funded gas pipeline from Tennant Creek to Darwin, roads and telecommunication services;

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- (2) coordinate work across government agencies to ensure that the 135 Pepper Inquiry Recommendations, including Strategic Regional Baseline Assessments (SREBAs), are accomplished in an efficient and timely manner to ensure production begins as soon as possible;
  - (3) facilitate the timely approval of exploration and production licenses; and
  - (4) manage consultation with Land Councils, pastoralists and other land owners/stakeholders to ensure any concerns over onshore gas activities are dealt with proactively and comprehensively.
- Simplify the Petroleum Royalty regime and bring the Territory in line with best global practice and some other Australian jurisdictions by retaining the current *ad valorem* rate of 10 per cent at the wellhead, while standardising the determination of gross value in consultation with industry and removing the need for individual agreements with each producer, which creates uncertainty, additional administrative cost and delay;
  - Set aside a percentage of the royalties paid by commercial producers to create a Territory Future Fund for the benefit of all Territorians;
  - Support and promote the creation of a complementary manufacturing industry in the Territory intended to utilise locally sourced gas resources;
  - Encourage local employment in the onshore gas and related industries by supporting the upskilling of Territorians to fill essential positions; and
  - Create a task force to work with the Federal Government to investigate additional or enhanced methods to reduce and offset carbon emissions, including carbon sequestration and carbon-farming.