Chief Minister, the Hon. Clare Martin

Address to the Institute of NT Economic Development

Wednesday, August 8, 2002

Acknowledgements:

Denis Burke, Carole Frost, Dave Malone, Steve Margetig, Mike Lane.

I am glad to have the opportunity to address you today on one of the most important issues to face our community and our economy in the Territory, that is the development of Timor Sea gas in the national interest.

As most of you will know, my Government has been working closely with the business community and other members of Parliament to try to ensure gas from the Sunrise gasfield is brought onshore rather than developed onsite in the Timor Sea.

Two of the joint developers of Sunrise, Shell and Woodside, have proposed that this major resource be converted to Liquefied Natural Gas on a giant floating barge, with the LNG then sent directly to North America.

We in the Territory Government and our supporters believe this would be against Australia's national interest.

ACIL Consulting, the respected economic analyst group, has estimated that onshore gas would create an extra 4,400 extra jobs, and $15 billion extra for Australia's GDP, compared with the floating LNG option.

The importance of getting Sunrise Gas to shore cannot be overstated. This means jobs for our children. This is our economic future. And gas will underpin the future competitive energy needs for a great many Australians, not just those in the Territory.

You all know that Phillips Petroleum, one of the other partners at Sunrise, has supported our efforts to explore the option of bringing the Sunrise gas onshore.

We were very pleased when Shell and Woodside agreed to re-open the case for gas onshore in recent months.

The joint developers are currently contacting potential gas customers around Australia, and examining the viability of the onshore gas case with fresh eyes.

The next month or so will be crucial, as the joint developers examine the numbers and determine the future of this giant resource.

All of us will need to maximise our efforts to convince Shell, Woodside and Phillips, as well as the Federal Government, that bringing Sunrise gas onshore is in the national interest.

We have been working hard to make sure the developers contact all the relevant domestic gas customers, and we have been meeting with supportive industry associations as well, and assisting them with a campaign to try to get Canberra to listen to our arguments.

Before I give you some more details of this campaign it is probably worth a quick summary of what has been happening with the entire Timor Sea area, and particularly the Bayu-Undan field.

Again, as most of you will know, Bayu-Undan – a large field but only a third the size of Sunrise – is under development by Phillips Petroleum.

The gas will be piped to Wickham Point where Phillips plans to build a LNG plant. Work on this project, all going to plan, should begin later this year. There will be up to 1500 jobs created in the construction phase, and about 100 jobs at the plant for the life of the project.

There have been some hiccups in the process of getting agreement between Australia and East Timor over the area containing Bayu-Undan and part of Sunrise.

The Timor Sea Treaty was signed between Australia and East Timor in Dili on 20 May. The treaty should go a long way to providing certainty to the Bayu-Undan project.

However, the Treaty needs to be ratified in order for phase two of the Bayu-Undan project to proceed.

The Australian Government is insisting that unitisation of the Sunrise field be agreed to before the treaty is ratified. The East Timorese Government wants this dealt with as a separate issue. There is also the matter of East Timor's entire maritime boundary area to be determined.

The Northern Territory Government is hopeful the issue can be resolved earlier than the December deadline the two governments have set for themselves, and our officials are engaged with the East Timorese in trying to achieve this.

There have been a certain number of contradictory statements in the media from the various parties, but we are confident that both Governments want the issue resolved, and we are certainly doing what we can to expedite the process.

Turning to the Sunrise field, which is the big prize for us in the Timor Sea, I want to say at the outset that we are very pleased the joint venturers are re-examining the domestic gas case, and that customers are fast coming forward.

I also want to thank the business community in the Territory for the terrific work they have done at all levels in working with us to get this result.

Dave Malone, Bruce Fadelli and Steve Margetig in particular have been outstanding, but many others have been involved as well, and let me just mention the work of the NT Chamber of Commerce as deserving a great deal of credit.

These people have lobbied their national business groups, they have seen Federal Ministers, and they have kept up a relentless but appropriate campaign, and it has been of great assistance to our efforts.

I also want to take this opportunity to thank Denis Burke for his involvement in this Team NT approach. I think the fact that we are working together on this issue has opened doors for us in Canberra, and in particular Denis Burke has been helpful in getting us into meetings with Resources Minister Macfarlane.

It is very important to present a united front on this issue.

We have a difficult job ahead of us and we need everyone to be pulling together.

While we have come a long way in getting the developers to look again at the domestic gas case, we are by no means out of the woods.

Both Shell and Woodside made it clear at the recent SEAAOC conference that they still prefer the floating LNG option, and are focussed on the American LNG market.

In the *Bulletin* magazine today a Woodside spokesman says finding a domestic market for the Sunrise gas is 'a very challenging ask'.

Nevertheless the spokesman, Nigel Grazia, does say, and I'm very glad to see this, and I quote: "Woodside is an Australian company and we would like nothing more than to bring the gas onshore."

I hope very much that sentiment will prevail when Woodside sits down with the other developers over the coming weeks and months to make their final decisions.

I want to give you some idea of what we in the Government have been doing to put pressure on both the developers and

the Federal Government to get the right outcomes for the Territory on this important issue.

As you would know, the Government has been lobbying Canberra to put our national interest case. Minister Henderson and I have conducted many presentations to Federal politicians, including the Prime Minister.

The Prime Minister has given me a good hearing, although at this stage we have not had the sort of public support we would like from the Federal Government and we are doing more work on trying to achieve this.

I have visited State Premiers in Melbourne, Sydney, Adelaide and Brisbane, and gathered useful support from them. Many of the State Governments are facing higher prices for energy in the coming decades, and are very keen to establish another secure and competitive supply of natural gas.

We have talked to parliamentary committees and industry groups around the country. Most recently I attended a meeting of peak industry groups in Canberra and have been gratified with their level of support. Many of them are now directly lobbying the Federal Government on this issue.

Several Ministers, included Federal Resources Minister Ian Macfarlane, have visited the Territory at our invitation and have heard our arguments at first hand.

My office of Territory Development has a team of staff working full-time on the Sunrise Gas case, including economic modelling, research into the policies of other countries on energy and resource development, and preparing campaign material.

We have devoted considerable work to confirming the domestic gas customer case and meeting individually with potential customers to confirm the robustness of the domestic market.

MIM in particular has worked closely with us on this, and has been involved in direct lobbying of the Government as well. We have also received strong support from Alcan, as well as several energy suppliers to southern States.

The Office of Territory Development prepared a detailed submission to the Parer Committee, which is looking at Australia's energy needs for a report to the Council of Australian Governments.

The Government has been working hard to ally concerns about the Phillips' LNG proposal at Wickham Point, including a public meeting with AFANT last night. We have prepared a great deal of material which addresses many of the environmental issues raised by opponents of the development.

The Government is absolutely satisfied that the proposal will meet the high environmental and safety standards required - anyone who would like a factual account of the issues is urged to check the NT Government Internet site.

We are also working with Invest Australia on possible Government support for some of the foundation customers waiting in the wings for the gas.

A team of NT Government officials is in Perth this week meeting with Woodside to go through the figures on the competing cases for the Sunrise development.

We are trying to ascertain exactly the difference in costs between floating LNG and bringing the gas onshore. This will help us in our lobbying efforts with the Federal Government.

We will be in a better position when we can put an exact figure on what might be expected from the Federal Government to encourage the developers to get the gas onshore.

The next step is to keep the pressure up from as many directions as possible in the crucial next few months when decisions will be made.

So, again, I thank the business community for your enthusiastic and professional support.

I urge you to keep the faith, maintain your enthusiasm, and keep waving the flag for Sunrise Gas onshore. You are certainly making a difference.

Whenever my spirits flag, I think of how far we have come. I think of how important Sunrise gas will be to Australia's national interests, and to the Territory's future.

We have a very persuasive argument, and I think we should go forward with confidence in ourselves, and confidence in our ability to persuade others.

Thank you