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Letter to the Editor
Australian Financial Review
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While it was encouraging to see Ian Howarth's article on the gas issue (AFR, 3 May), I need to place on the record that the Northern Territory Government has never said the onshore gas option requires a taxpayer subsidy of between one and two billion dollars.

It is Shell/Woodside, not the Northern Territory Government, saying there is a $2 billion capital expenditure difference between an onshore and offshore LNG plant. I make two key points:

- This is not comparing apples with apples, because the Territory Government is not fighting for an onshore LNG plant from Sunrise. We are arguing for the gas to be piped to shore - which we believe is $600 million CHEAPER than the floating LNG option in capital expenditure terms;
- We don't accept the $2 billion figure in the first place. For a start, it the figure has changed over the past few months. We would also like to test the assumptions used to arrive at this figure, such as the tax regime (taxpayers' dollars) it assumes, gas price assumptions, and whether the rate of return allows for the risk of untried technology.

Shell and Woodside argue there is no customer base for onshore gas. This is clearly negated by Phillips' recent announcement that it has a profitable customer base for Sunrise gas to come onshore, a view supported by the Northern Territory Government. In addition, just this week MIM announced that it needs Timor Sea gas for a planned major expansion at McArthur River.

ACIL consulting estimates that gas onshore means 4400 extra jobs for Australians, $110 million a year in extra revenue to government, an extra $15 billion in economic benefits over the life of the project, a gas-based industry in the Territory and gas to the national gas grid.

These are all issues that require national debate before Australian resources are shipped offshore. We have support from other Premiers for a special meeting of the Council of Australian Governments to develop a national policy on gas. Key industry groups, such as the Australian Industry Group, are supporting us. And so, it seems, are ordinary Australians. For more information on this important issue, I urge your readers to visit our internet site at http://www.otd.nt.gov.au.

CLARE MARTIN
Chief Minister of the Northern Territory