

Senate Environment and Communications Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Oil and gas exploration and production in the Beetaloo Basin

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Development of the Beetaloo Resources

REFERENCE: Written Question on Notice

QUESTION No.: 18

1. In November 2018 the Australian and NT Governments signed a Memorandum of Understanding to develop the Beetaloo resource.
 - Please provide the committee with a copy of that agreement.
 - What actions or outcomes are allocated to each government?
 - What work is currently being undertaken to ‘refresh’ or ‘update’ the agreement?
2. Can you provide an update on the negotiation and finalisation of the Bilateral Energy and Emissions Reduction Agreement between the Commonwealth and NT Government?
3. How will the Australian Government assist in offsetting GHG emissions created from gas production in the Beetaloo?
4. Are there any matters of national environmental significance in the Beetaloo?
5. In December 2021 the Federal Court of Australia ruled three funding contracts signed by the Australian Government and Imperial Oil and Gas void. On 22 February 2022 Minister Pitt announced that those contracts have been re-executed.
 - Has the grant funding been reduced from \$21 to \$19.4 million and if so, why
 - Has any of the grant funding already been provided to Imperial Oil and Gas?
 - Have the four other applications referred to at the 2 August 2021 public hearing been finalised?
 - How much grant funding remains unallocated?
6. In August and November 2021, the Minister for Resources and Water responded to two Senate Orders for Production (No. 1209 and 1262). The Scoring Matrix was provided in both responses but are different versions of the same document. Material that appeared in the first version has been redacted from the second version under a claim for public interest immunity. Can you explain these discrepancies?
7. Australia’s gas emissions 2021 projects that emissions from new oil and gas projects will increase as these projects begin to produce commercial quantities from 2025 (p. 22). To what extent will these emissions be offset by existing technologies?
8. On 11 October 2021 The Guardian reported that \$5 - \$5.37 million had been awarded to Empire Energy Group Limited as a Research and Development tax incentive. See: <https://www.theguardian.com/environment/2021/oct/11/empire-energy-received-5m-tax-incentive-for-fracking-gas-well-in-beetaloo-basin>

Noting that DISER can review an R&D claim, and examine whether expenditure has taken place only on core or supporting R&D activities (RDTI Guide to Interpretation 2020 at p. 5), can you advise the committee:

- whether the department has reviewed Empire Energy's expenditure, and if so, what was the outcome of the review?
- if the department has not reviewed Empire Energy's expenditure, what were the reasons for not reviewing the claim.

ANSWER

1. A copy of the Memorandum of Understanding (MoU) has been provided to the Committee Secretariat.

The MoU provides information on actions or outcomes.

2. The Bilateral Energy and Emissions Reduction Agreement is under negotiation with the NT Government.
3. The Australian Government is committed to meeting and beating Australia's 2030 Paris target. The latest projections by the Department of Industry, Science, Energy and Resources show that Australia is on track to meet and beat its 2030 target by up to 9 percentage points. These projections conservatively include emissions associated with natural gas production in the Beetaloo. The Australian Government has previously agreed to work with the Northern Territory Government on the Northern Territory Government's commitment to manage emissions from new onshore natural gas development in the NT. Examples of action the Australian Government has already taken to support the Northern Territory Government's efforts to meet its commitment include:
 - a. Investing \$40.4 million to increase participation in the Emissions Reduction Fund (ERF) and the supply of Australian Carbon Credit Units, by increasing the number and types of activities recognised under the ERF;
 - b. Finalising the development of a carbon capture and storage method, which will encourage investment in projects that reduce fugitive emissions from natural gas production; and
 - c. Prioritising the development of a new and updated savanna fire management method, which will support land managers in the NT to undertake activities that reduce the frequency and extent of late dry season fires, thereby reducing carbon emissions.
4. Yes. Further details are provided in *Geological and environmental baseline assessment for the Beetaloo GBA region: Geological and Bioregional Assessment: Stage 2*; p. 119;
<https://www.bioregionalassessments.gov.au/sites/default/files/gba-bee-stage2-baselineanalysis-final.pdf>.
5. Total funding to Imperial Oil & Gas has not changed between the contracts voided through the court case and those subsequently re-entered. The Minister's grant approval decisions were for funding up to \$21 million, with final grant amounts subject to review of costs primarily in light of available efficiencies across the work programs.

No grant funding has been provided to Imperial Oil and Gas.

The four other applications referred to at the 2 August 2021 public hearing have been finalised. \$23.1 million of Beetaloo Cooperative Drilling Program (BCDP) funding remains uncommitted.

6. While the matrices provided in response to the Order for Production (OPD) 1209 and OPD 1262 are similar in nature, they contain different information and reflect different point-in-time information about the program. The redacted information in the 'Scoring Matrix' produced

under OPD 1262 does not appear in the 'Scoring Matrix' produced under OPD 1209 in a redaction free format.

The reasons for the Minister for Resources and Water's public interest immunity claims for OPD 1262 are established in the Minister's response to the Order for Production of Documents. The response states that the claim is made "on the grounds that that release of this information has the potential to damage the commercial interests of applicants to the Beetaloo Cooperative Drilling Program and their suppliers. This information is not publicly available and relates to the commercial intentions of the affected parties. It has the potential to impact on the ability of affected parties to effectively plan activities and negotiate fairly with suppliers."

7. Australia's emission projections 2021 indicates that Australia's emissions are projected to decline over time even after accounting for emissions from new oil and gas projects. Australia is on track to overachieve on its target of 26-28 per cent below 2005 levels by 2030 by up to 9 percentage points. The emissions projections are conservative and likely underestimate the impact of deployment of carbon capture and storage technologies to reduce emissions from natural gas production.
8. Confidentiality provisions specified in the Industry Research & Development Act 1986 (s.47) and secrecy provisions in the Taxation Administration Act 1953 prevent the disclosure of information about individual companies that access the Research and Development Tax Incentive program.

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

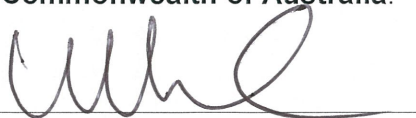
- 5.5. This MOU can only be varied with the written agreement of both Parties.

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:**)



Signature of Witness


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:



Signature of Witness


Signature

Date: 15 November 2018

JASON SCHOOEESTER
Name of Witness

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