

The Hon Michael Gunner MLA
Chief Minister of the Northern Territory
GPO Box 3146
DARWIN NT 0801

Dear Chief Minister

**RE: PROGRESS ON THE IMPLEMENTATION OF RECOMMENDATIONS FROM
THE FINAL REPORT OF THE HYDRAULIC FRACTURING INQUIRY - 1
NOVEMBER 2019 TO 31 APRIL 2020**

The Covid 19 pandemic has changed the social, political and economic context in ways that were unimaginable when the last progress report was written.

High levels of uncertainty mark planning for the immediate future. There has been an unprecedented slump in energy markets and the prospect of a world economic recession. In the Northern Territory, petroleum companies' have been unable to maintain the capability for their drilling and fracturing programs due to restrictions on movement across international and state borders and the quarantine of the Beetaloo Basin along with other remote regions.

Within this changed context, eleven EMPs had been approved for exploration activity planned for this Dry with further EMPs under assessment. Work has also continued on the recommendations of the Inquiry that must be in place before commercial production may be authorised (grouped together in the Implementation Plan as "Stage 3 Recommendations").

Work on several Stage 3 Recommendations is completed and work on most has already commenced. The most significant body of work now being undertaken is the Strategic Regional Environmental and Baseline Assessment (SREBA) for the Beetaloo Sub-Basin.

An important part of this work involves engaging the community and stakeholders to better understand the social and cultural impact of the onshore gas industry on affected communities and ensuring these communities will directly benefit. This work must recommence when the quarantine is lifted.

This report is to be read in conjunction with the cumulative Status Report on progress as at April 2020 on implementation of all 135 of the Inquiry's recommendations.

Strategic Regional Environmental and Baseline Assessment (SREBA)

The Inquiry intended the SREBA to provide the information on: "the physical, biological, public health, social and cultural elements" necessary for appropriate decisions to be made about any onshore shale gas industry". There are two broad elements to this:

- information on critical natural systems including ground and surface water and

- establishing relationships with people and communities affected by the industry based on mutual understanding.

This is essential to ensure that natural systems are not degraded, that social and cultural practices underpinning community wellbeing are not disrupted and that affected communities will benefit from an onshore gas industry. Both tasks are complex and will take years.

Essential data for the SREBA on natural systems is already being assembled. This includes work on groundwater by Geoscience Australia and CSIRO, and high-resolution mapping of ecosystems and surface water based on satellite-imagery.

The Department of the Chief Minister (DCM) and the Department of Environment and Natural Resources (DENR) collaborated to release a draft framework for the SREBA for public consultation. Submissions arising from this process have been incorporated into the framework and guidance notes for the SREBA. DENR is the agency responsible for coordinating the delivery of the components of the SREBA:

- Water quality and quantity;
- Aquatic ecosystems;
- Terrestrial ecosystems;
- Greenhouse gas emissions;
- Environmental health;

DCM is the agency responsible for the Social, Cultural and Economic components. It is noted that the SREBA Framework will commence following the Cabinet approval process which is anticipated to take place next month.

The expertise necessary to complete the components of the SREBA is being sourced through the normal procurement process. Scopes of work for each of the six studies are being finalised for Ministerial approval. However, the scope of works for the Social, Cultural and Economic Baseline Studies and Strategic Regional Assessment components of the SREBA require face-to-face engagement and will not be completed while the Beetaloo Basin, remains quarantined or travel and social distancing restrictions are in place.

Public involvement in decisions to release land for onshore shale gas exploration (R 14.2)

The Inquiry recommended that the approving Minister must notify and consult with the public about any proposed land release for any onshore shale gas exploration and further, that the Minister be required to take-into-account public representations and other matters when deciding whether or not to release land for exploration.

The Petroleum Legislation Miscellaneous Amendments Bill (discussed below) amends the Petroleum Act 1984 to:

- require public notification of proposed land release and for submissions to be made including in relation to the possibility of co-existence.
- allow any person to lodge an objection to the proposed grant of an exploration permit and for those objections to be published online.
- to require the principles of ecologically sustainable development are considered in decision-making under the *Petroleum Act 1984* and the *Petroleum (Environment) Regulations 2016*.

- *mandating setbacks of petroleum infrastructure from residences and habitable swellings in accordance with the Code of Practice.*

Aboriginal Information Program (R 11.5 and 11.6)

Aboriginal people and communities must have access to consistent, factual, relevant, easy to understand and culturally appropriate information relating to the onshore petroleum industry. The Aboriginal Information Program has been designed to do this.

Stage one of this work, to be carried out by CSIRO (in accordance with R11.6), is to develop information to distribute to communities potentially affected by the gas industry and that may be readily translated into Aboriginal languages. This is scheduled to be completed by May 2020.

Statutory Land Access Agreements

As foreshadowed, the nine recommendations relating to land access agreements fall within Stage 3 of the Implementation Plan but need to be put in place before the anticipated expansion of exploration activity.

The *Petroleum Legislation Miscellaneous Amendments Bill* was passed in March 2020 and the amendments to the *Petroleum Act* were assented to on 30 March 2020 and it will commence when the *Environment Protection Act* commences in June 2020. This allows the *Petroleum Regulations* to prescribe statutory land access agreements including minimum standards for entry onto pastoral leases including: land access provisions, setbacks, compensation. The amendments also allow for DENR to create powers in the Petroleum (Environment) Regulations to require environmental securities for authorised activities.

DPIR have worked closely with the NT Cattleman's Association, the Australian Petroleum Production and Exploration Association and DENR, to reach agreement on the intent of the proposed new Regulations governing land access. Pastoral lessees and petroleum interest holders will be consulted about the draft regulations in May, and it is anticipated they will be finalised by July 2020.

EPBC Act amendments

The Inquiry recommended (R7.3) that any onshore shale gas development that may have a significant impact on a natural water source must be approved in accordance with the Commonwealth *Environment Protection and Biodiversity Act* (EPBC Act).

The Commonwealth are currently reviewing the EPBC Act. DENR has coordinated a submission on behalf of the Northern Territory Government. The submission reiterates Government's expectation that the Commonwealth review will include a response to recommendation 7.3. Any proposed changes to the EPBC Act will be considered by the Commonwealth Government after the final report of the review is completed in October 2020.

Cost recovery

The last report outlined that significant upfront expenditure was necessary to enable necessary scientific studies and on-ground engagement with effected communities, must be met before production and predictable revenue streams are generated.

A cost recovery system is being developed by the Department of Treasury and Finance. A discussion paper and stakeholder engagement plan about the proposed cost recovery system is being prepared by the Department for consideration by Cabinet. Consultation with industry and key stakeholders is expected in the second half of 2020.

On ground monitoring

DPIR's monitoring and compliance for drilling and well operations in the Beetaloo Sub-basin have been ongoing since November 2019, with onsite inspections included as part of that regime.

Eleven EMPs have now been approved with further EMPs under assessment by DENR. Compliance activity is ongoing with the review and publication of monitoring reports and periodic inspection of well sites. DENR is undertaking an informal review of its regulation of the industry since February 2019 to identify improvements in the efficiency and effectiveness of environmental regulation.

There is a possibility that exploration activity will recommence late this year and this must be anticipated by readying the appropriate capability.

Gas Service and Supply Plan (R 13.2 – 13.10)

The Inquiry made ten interrelated recommendations designed to ensure local training and employment and expenditure opportunities were maximised. The Department of Trade, Business and Innovation (DTBI) launched the "NT's Gas Service and Supply Plan" in March 2020. The Plan proposes collaboration with gas companies, land councils, local governments, local suppliers and businesses (e.g., Offshore and Onshore Supply Chain Working Groups, Gas Industry Reference Group) to meet the Inquiry's ten recommendations.

Environmental Offsets (R 8.9)

In December 2019, a draft Northern Territory Offsets Policy was released for public consultation. The proposed offset framework has been revised in response to feedback received through this process. The framework will comprise offset principles, policies and supporting operational guidance material, with the principles and implementation plan expected to be finalised by the end of June 2020 to coincide with the commencement of the Environment Protection Act 2019. Work is continuing on developing separate, targeted biodiversity and greenhouse gas offset policy documents, with the biodiversity offset policy and operational guidance due to be finalised by December 2020.

Concluding remarks

The Covid 19 pandemic has created very high levels of uncertainty about what the future holds for everyone in the Northern Territory.

The largest and the most important body of work still to be completed is the SREBA. There are two parts to this: understanding critical natural systems, including ground and surface water, and establishing relationships based on mutual understanding with the people and communities affected by the onshore gas industry.

Essential data for the SREBA on natural systems is already being assembled but the complex work of engaging the community and stakeholders to better understand the social and cultural impact of the onshore gas industry on affected must recommence when the quarantine is lifted.

There is a possibility that exploration activity will recommence late this year and this must be anticipated by readying the appropriate capability.

I am in regular contact with the Hydraulic Fracturing Inquiry Chief Executive Officer Steering Group, Onshore Shale Gas Community Business Reference Group (CBRG), Senior Officers from across the accountable Agencies, members of industry and the broader community who have an interest in this work. This has informed my opinion that implementation continues satisfactorily in accordance with the Inquiry findings.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Ritchie', with a long horizontal line extending to the right.

DR DAVID RITCHIE
18 May 2020