

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

Dear Chief Minister

RE: QUARTERLY UPDATE ON THE IMPLEMENTATION OF RECOMENDATIONS FOR HYDRAULIC FRACTURING

This advice is to be read in conjunction with the quarterly status report on progress on the Implementation Plan. I have focused on progress on Stage 2 of the implementation process, due to be completed by the end of this year to allow exploration approvals to be assessed early in 2019.

The September Quarterly Update is structured around the 31 recommendations that comprise Stage 2 – “Preparing for exploration”, to be completed by December 30.

Together, these 31 recommendations encompass the reforms necessary to achieve five broad objectives:

- Inform and involve the Territory community.
- Improve industry practice (including accountability and regulatory controls).
- Better understand the natural, social and cultural environment so we make decisions based on reliable evidence.
- Establish setbacks, buffers and ‘no-go areas’ to protect what we already know is important.
- Separate the Agency responsible for regulating the industry from the Agency responsible for promoting the industry.

This last point (essentially Recommendation 14.34) is central to the overarching objective of restoring public trust - both because of the message it sends to the industry and because it is highly visible. This change, will signal the government’s will to do business differently and the capability of agencies to meet the objectives underpinning the reform process. This has been reflected in my discussions within the wider community.

It is proposed that this recommendation be achieved by changing the relevant Administrative Arrangement Orders to transfer authority for the Petroleum (Environment) Regulations from the Minister for Primary Industry and Resources to the Minister for Environment and Natural Resources. I understand that this will require an adjustment to the regulatory model previously approved by government and that DCM will prepare a separate submission for Cabinet's consideration. I am satisfied that this approach will ensure the separation envisaged in Recommendation 14.34 and that the leadership teams in DENR and DPIR are now engaged on developing the internal systems that will drive the behavioural changes necessary to make this work.

Satisfactory progress is being made on the other recommendations in Stage 2 and although the timing is tight for recommendations requiring changes to legislation, all indications are that this will be achieved in time to allow the industry to recommence exploration activities in the 2019 Dry.

I continue to meet regularly with the Implementation Unit and with the leadership teams of the agencies accountable for delivering the recommendations made by the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory. I have also continued discussions with members of the wider community who have an interest in this work. This, along with consideration of draft versions of the September Quarterly Update of the Implementation Plan, has informed my opinion that Stage 2 of implementing the 135 recommendations of the Final Report of the Scientific Inquiry is progressing satisfactorily and that planning is underway for recommendations comprising Stage 3.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David', with a long, wavy horizontal stroke extending to the right.

DR DAVID RITCHIE

11 October 2018