



APPEA – Hearing Transcript

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Darwin Convention Centre, Darwin

Speakers: Matt Doman, Keld Knudsen

Matthew Doman: My name is Matthew Doman, I'm the South Australia Northern Territory Director of the Australian Petroleum Production and Exploration Association.

Hon. Justice

Rachel Pepper: Thank you very much, yes.

Matthew Doman: With me is Keld Knudsen, who's our exploration policy director.

Hon. Justice

Rachel Pepper: Thank you, yes. When you're ready.

Matthew Doman: Good morning and thank you for the opportunity to appear before you today. The Australian Petroleum Production and Exploration Association is the peak national body, representing Australia's upstream oil and gas industry. We seek to increase community and government understanding of the upstream petroleum industry by providing and promoting information about the sector's activities, impacts, and benefits. APPEA has argued against the Northern Territory government's recently implemented moratorium and hydraulic fracturing and questioned the need for this inquiry. Coming as it does, listen two years after another, extensive inquiry into fracking conducted by Doctor Alan Hawk AC. However, as we have also acknowledged, both the moratorium and this inquiry were clear policies of the Territory Labour Party prior to last year's election, which have now been implemented in Government. We've also highlighted that this inquiry does provide an opportunity for detailed examination and balanced discussion of matters, which continue to be the focus of considerable public debate in the Northern Territory.

Justice Pepper while have been, while this inquiry is one of many that have been conducted into the onshore natural gas industry in Australia. None have made the effort you and your panel are making to engage with and listen to the broader community. This is important and the hearings and community meetings, which I've attended this week in Alice Springs, Tennant Creek, Katherine and Darwin are just the start of that process. We applaud you for that. This inquiry provides an opportunity to sharply focus on the focus on the real economic challenges facing the Territory and the potential of our industry to assist in meeting them. The territories enjoyed the strongest economic growth of any Australian economy in recent years,



due largely to the construction activities associated with the INPEX Ichthys project, liquefied natural gas project here in Darwin.

However, a close analysis of the Northern Territory budget highlights the need for new investment to arrest a forecast decline in taxation and royalty revenues. Without new investment, revenue to the Northern Territory government will stagnate. New projects are now needed to support the Northern Territory economy, as Ichthys transitions from construction to production. APPEA maintains that the sustainable development of the territories onshore natural gas resources can deliver new jobs and investment that the Northern Territory economy needs. Research published in 2015 by Deloitte Access Economics, found that developing the Territory's substantial shale gas resources had the potential to create up to 6300 new jobs and generate up to a billion dollars in additional Northern Territory government revenue over the next 20 years.

By 2040 the Northern Territory's gross state product could be between 5.1 billion and 7.5 billion higher than the 2012/2013 base case modelled by Deloitte. This represents an increase of between 26% and 37% on current estimates for the Northern Territory economy. The job growth projected by Deloitte Access Economics, would mean the onshore gas industry has the potential to be the second or third largest private sector employer in the Territory. The potential for the substantial and stabilising public benefits of resource development was further evidenced by Origin's recent discovery for the Beetaloo sub-basin. Of course, the economic benefits would be diminished if they came with negative environmental impacts. The Territorians can be confident that that will not be the case.

The scientific focus of this inquiry is essential and one, which APPEA and its members seeking to develop the Territory's resources will support. The science of fracking has been thoroughly examined elsewhere and we commend much of this work to you. Particularly the reports published by the Australian Council of Learned Academies, the New South Wales Chief Scientist, the New Zealand Parliamentary Commissioner for the Environment, the Council of Canadian Academies, the UK Royal Society and the Royal Academy of Engineering and the United States Environmental Protection Agency, and indeed by Doctor Hawk. Our industry has a demonstrated track record of safe sustainable operations in South Australia, Queensland, Western Australia, New South Wales, Victoria and here in the Northern Territory where the first well was fracked in 1967, 50 years ago this year.

Around Australia thousands of wells have been drilled and over a thousand fracked with no significant impact on the environment or ground water resources. As with any industry, risks are involved and these must be managed and minimised and robust regulations must be enforced to ensure the highest standards are maintained. In over 50 years of onshore gas exploration and production, some minor surface incidents have occurred, but none that have caused the type of environmental harm some claim is inevitable. Too often, a false conflict is imagined between economic



development and environmental protection. The oil and gas industry is committed to delivering investment jobs and other public benefits, while at all times, protecting the environment. It's time for balanced discussion, grounded in science and reflecting the lived experience of our industry. We do hope this inquiry will give the opportunity for such a discussion to take place and again, welcome the obvious efforts you've already made to achieve this.

We understand the community has genuine questions and concerns and the industry is committed to responding to them, but all too often these concerns are stirred up by false and exaggerated claims, peddled by opponents of development who often have a declared aim to stop all new oil and gas activity. People across the community do want to see wider use of renewable energy and their economic opportunities associated with investment in this sector. With natural gas already generating over 90% of the Territory's electricity, gas has a critical role in ensuring a continued reliable, affordable energy supply can enable the phased introduction of currently more expensive, intermittent renewable energy sources such as solar.

Indeed, the heavy contribution of gas fired power means the Northern Territory has one of the lowest carbon emission footprints in the country. Natural gas can be a key enabler of the greater integration of renewable power into our energy supply. But the fact is we'll continue to use significant amounts of oil and gas in our daily lives for decades. To turn our back on new supplies is reckless. It will only deny the Territorians the jobs, invest and other benefits oil and gas production delivers.

It should be noted that there remained significant obstacles to the development of Australia's gas resources. Australia's oil and gas industry remains under pressure from global market conditions. The dramatic fall in oil prices over the last two years and the only gradual recovery since then, has impacted on local investment climate and challenge the economics of many development projects. The political response to the unbalanced public discussion of unsure gas development has been disappointing. We've seen restrictions on development, or worse bans in Moratorium. In New South Wales, Victoria and in the Territory. The moratorium on fracking introduced by the current Northern Territory government, has put a stop to the new term investment of over a billion dollars in onshore gas projects. Until it is lifted, that investment will remain on hold, projected delays, and clarifying this, could kill that investment all together. Industry must do a better job of responding to community concerns and it must continue to be accountable for its statements and its actions. This includes ensuring the equitable treatment of all stakeholders, particularly traditional owners, pastoral lease holders and others on whose land development would take place.

The remoteness of natural resources from perspective markets, has been and remains a barrier to resource development in the Territory and natural gas is no different. To that end, the construction of the proposed NEGI pipeline between Tennant Creek and Mount Isa will be a critical piece of



infrastructure to connect the Territory's resources to a national market. While the industry is confident that our activity could be undertaken safely in the Territory right now, there are several initiatives that can be taken to ensure opportunities associated with the onshore natural gas industry are not lost and that the benefits of Territorians, their economy and their community are maximised. These could include finalising the regulatory framework under which the perspective expansion of the Territory's onshore gas industry will take place. This should be amongst the government's highest priorities. A transparent, robust, effective and stable regulatory regime, which has the trust of the community is an essential requirement for companies to make long term investments.

Work towards this end has been underway in the Territory for several years. Beginning with former Chief Minister Paul Henderson's appointment of Professor Tina Hunter to review the regulatory framework in 2011. Professor Hunter's recommendations were augmented by further reforms proposed by the 2015 Hawk review and officials in the former department of mines and energy have done considerable work towards implementing these reforms. In review of this work last year, Professor Hunter described the task as 90% complete. It is important that this work is not lost and instead it is completed and implemented as soon as possible. Building a deeper understanding of the Territory's groundwater is also important. Leading proponents of developing the Territory's shale gas resources support close monitoring groundwater resources before, during and after our operations.

Several gas companies are working with the CSIRO to complete baseline studies of regional groundwater resources before substantial gas development takes place. This work should be encouraged and result shared to ensure subsequent analysis of suggested impacts can be verified against meaningful knowledge of water resources prior to development. We must refocus public discussion on factual and relevant information. With an emphasis on real benefits and impacts. This should include an ongoing role for government, industry and independent experts in responding to legitimate questions and concerns.

If the government decides to permit and support the development of the Territory's resources, it also ought to seek to ensure the case for that development is not eroded by deliberately false and exaggerated claims designed to undermine public confidence in government and in the oil and industry. Similarly, in order for that public confidence to be maintained, legitimate questions must be examined and responded to. It is our expectation that inquiry is a platform for this balanced discussion. Longer term, the Gas Industry Social and Environment Research Alliance, known as GISERA, an initiative supported by the CSIRO, federal and state governments and the oil and gas industry, should be considered for implementation in the Northern Territory. GISERA whose resource, whose research projects are determined independently from its funding sources, has delivered balanced science-based research, relevant to public discussion in Queensland and more recently, in New South Wales.

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Preparing local business to support and benefit from gas development is another key task. The successful development of the Territory onshore gas resources will create great opportunities for local businesses who support that development. The industry requires a wide range of supplies and services. Some of which will be sourced from interstate and overseas, but many of which local firms will provide. The industry does have high standards in relation to health, safety and environmental performance and has been working with the local business community including such groups as the Katherine Mining Services Association, to assist companies in understanding in meeting those requirements.

It is important that this work continues with the active support of government and industry associations. We must also assist Territorians who could work in the sector to do so. As with local firms, individual men and women will have significant employment opportunities in the onshore gas sector. This includes opportunity for Aboriginal Territorians to work on country. We must maintain the respectful partnerships between landholders and our industry. The oil and gas industry and pastoralists have been working together in the Territory for many years.

Around the Territory, over 50 pastoralists have land access agreements in place and are working collaboratively with our industry. There are only four or five instances where agreements have not been reached. We respect the fact that there are some pastoralists who don't want this on their land, but respect also needs to be afforded to those pastoralists who do. In late 2015 APPEA, the Northern Territory Cattlemen's association and the government reached an agreement on a process where all parties will be required to reach a land access agreement before exploration activities are approved and can begin. We're proud of our long track record of working with pastoralists and other land holders. Experience shows that when land holders and explorers talk about their plans and activities, identify issues and work together to define solutions, everybody benefits. It's about building relationships based on trust and mutual respect.

The industry would like to work with all levels of government and the community, including through this inquiry to facilitate these actions. Developing the Territory's abundant resources of natural gas will only proceed if that development meets the needs of Territorians. Those needs include reliable, affordable energy. The need for economic growth. The need for jobs and investment in regional communities and at all times, the need to protect the environment of the Northern Territory. The natural gas industry has developed these public benefits for decades. We're very confident with the support of government, industry partners and the broader communities, we'll continue to do so. With that, I thank you for your time this morning and will welcome your questions.

Hon. Justice
Rachel Pepper:

Thank you. I've got one question. You've mentioned at least twice false and exaggerated claims from I guess other sections of the community, what are those false and exaggerated claims?

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Matthew Doman: The clearly, as I remarked in this, as we've observed in the discussions up and down the Territory this week, there are clearly risks associated with our industry and the need to be managed very carefully. But the consequences of those risks are greatly exaggerated. We hear claims about the complete loss of water resources. The complete, the contamination of water resources that would render aquifers unusable. That simply has not occurred anywhere in the world in the long history of our industry. Those sort of claims need to be checked against the real lived experience of our industry. They can't be swept under the carpet, we don't for a second suggest that, but they need to be realistic. We hear false information all the time. Be it in letters to the editor or claims in public meetings or in some of the protests and the voices that we hear around the community. All those voices are legitimate, but I think it's incumbent on all of us to keep the discussion based in factual and relevant information.

Hon. Justice
Rachel Pepper: Will APPEA assist the inquiry by providing some evidence debunking some of those, to use your words, false and exaggerated claims?

Matthew Doman: Certainly. On a recent inquiry into our industry, conducted by former Senator Glenn Lazarus, we published a lengthy section on myths and, Keld what did we refer to it as? Anyway myths associated with the oil and gas industry and the factual response to those claims, we're very happy to provide that to you, to your inquiry.

Hon. Justice
Rachel Pepper: Thank you very much. Yes, Dr. Jones?

Dr. David Jones: Mr. Doman, now, keep up Northern Territory, lengthen [inaudible 00:16:09] Territory this week, we've heard loud and clear from the community that maintenance of water resources and particular portable resources to the south, is a really critical issue and certainly one of the works of this panel is going to be looking into that aspect. I noticed in that context you mention that several companies are working with CSIRO to define baseline groundwater studies. Now that's the kind of information that we really need to know about.

Matthew Doman: Sure.

Dr. David Jones: Would you be able to tell us, if you like the status of those studies and when they, and if they might be publicly available?

Matthew Doman: Yeah, well I think some of the companies involved in that work are appearing before you later today and perhaps I'd ask, I'd let them reply in more detail about it. It is a side of our industry's commitment to gathering this information and also making it available to the government regulators and the broader community.

Dr. David Jones: Then we'll ask those questions later on.

Matthew Doman: Sure.

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Hon. Justice

Rachel Pepper: Yes, Ms. Coram.

Ms. Jane Coram: Continuing that theme, I'm just wondering, have you done any analysis of the Territory's capacity to provide other resources such as sand resources for fracking? Storage facilities? Or is there infrastructure for disposal of waste water?

Matthew Doman: Sure. The government, or at least the former government did some work on looking for potential supplies of fracking sand in the Northern Territory. They also did some work on investigating whether the conditions were right in the Territory to grow guar beans, the single largest additive in the fracking process is guar gum, a gelling agent, in daily life found in ice cream and jellies and other food products, it's a, I think that work was, they found some encouraging prospects. I'm not sure if that work was sort of completed and what, or what the conclusion of what it was, but it's also fair to say that in South Australia and other places, people are examining the prospect for what local sourcing of those products, most of the guar that's used commercially in the world is grown in India, similar conditions can be found in the Northern Territory and in parts of South Australia. I think both jurisdictions are very keen to be the first to prove they can be commercially developed here in Australia. Did you ask another question on water?

Ms. Jane Coram: Sand.

Matthew Doman: Oh, no that, sorry that included my mode of [inaudible 00:18:37] but the sand, which is used to prop open the cracks that are created by the fracking process includes both naturally occurring sand and in some cases manufactured ceramic depending on the temperatures and the pressure of the rock.

Hon. Justice
Rachel Pepper:

Professor Hart

Prof. Barry Hart AM: Would you care to comment on the claims that developing the NT gas, on your, gas industry will alleviate some of the problems in the east coast, Australia when in fact the majority of the gas goes overseas currently?

Matthew Doman: Yeah, that's true. At the moment there is no means of getting gas to Eastern Australia, short of bottling it if it were Propane, there is no connection between the Northern Australian, Northern Territory and the Western Australia. The pipeline is a very important bit of infrastructure to enable that to happen. It's also true that the Territory with its small population base, it's a very significant user of gas, as we said, 90% of the electricity in the Territory comes from natural gas, but with a small population base it is a small domestic gas market. The development of these resources will enable additional use of gas in the Territory, but the commercial considerations will fundamentally be driven by the ability to get the gas to other markets. Be they in Eastern Australia or export.

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Prof. Barry Hart AM: Sure, but my question was most of it is going overseas at the moment, when in fact the claim is with developing this resource will assist the lagging, flagging east coast now.

Matthew Doman: Absolutely. Well the Australian energy market operator, just yesterday published its so called gas statement of opportunities. Identified very real and imminent shortages of gas in Eastern Australia. The pipeline between Tennant Creek and Mount Isa, will enable significant amounts of gas to be delivered into Eastern Australia. Not sufficient gas to make up that shortfall, but making a contribution to doing that. That's why as an industry we also argue the case for the development of gas resources in New South Wales, and Victoria, South Australia, Queensland and other states, it's important that those resources are made available. There is also enormous potential for the Territory to do more. Before the pipeline route between Mount Isa and Tennant Creek was chosen, there were serious consideration of a pipeline from the Alice Spring's region through the Moomba. The gas processing harbour in the north east of South Australia. Subject to the success of our exploration activity here and the emerging demand for gas in Eastern Australia, there is scope for either increasing capacity on the pipeline that is currently being build, or indeed building another pipeline.

Prof. Barry Hart AM: Sorry, so can I just follow that up?

Hon. Justice

Rachel Pepper: Yeah, no please.

Prof. Barry Hart AM: Does IPS have any thoughts on some suggestions that government, but generally federal might make some requirements that a certain proportion of that gas stays in Australia?

Matthew Doman: So the so-called domestic gas reservation is a policy that we've argued against.

Prof. Barry Hart AM: Okay.

Matthew Doman: We believe just as it would be misguided to seek to lower the price that Australians pay for steak by putting restrictions on the cattle industry, that that doesn't result in an efficient industry, it would increase the cost of production, therefore make resource development less likely. Like other industries, the majority of our production, gas production is now exported, but those economies have scale enable us to develop in the domestic market. However, we're not deaf to the concerns that are emerging in Eastern Australia. We argue that the best way to meet those, address those concerns is to enable the development of gas that we know is there, but we'll also work with the government and gas users and other stakeholders, to ensure that a solution to this challenge is met. Just next week the Prime Minister will be meeting with Chief Executives of major gas companies to discuss this very real issue.

Prof. Barry Hart AM: Okay. Thanks.

Hon. Justice

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Rachel Pepper: Surely the gas will nevertheless keep going overseas whether the market is demanding higher prices and stay on shore.

Matthew Doman: It's not a given that the export price will always be higher than the domestic price, that is the, has been the case and remains the case.

Hon. Justice

Rachel Pepper: Of course not.

Matthew Doman: We don't have any inherent preference to export, after sup-, rather than supplying the domestic market. At the end of the day, if there's sufficient demand here, it's much easier to deliver gas to Australian customers who don't require the infrastructure, the liquefaction, the transportation costs, so we're very, the member companies of APPEA including companies such as SANTOS and Origin that are active, in the perspective development here, have been supplying the Australian domestic market for decades and are committed to continuing to do so, but we do need to be able to access resources to meet that need and to attract investment we need to have a balance of both export and domestic opportunities to do that.

At the moment, traditionally about 50% of our gas has been, when I say traditionally in recent years since the creation of the LNG industry in Western Australia, about half of our gas has been exported and about half of it has remained in Australia. With the opening of the export channel through Gladstone in Queensland, we're now seeing about two thirds of our gas prospectively exported and a third of the gas remaining in Australia. That should be ample gas to meet our domestic needs. I think the delays in developing new resources, has meant that the plans our industry made to supply its both domestic and export customers has been challenged and so we argue therefore for the access to resources to develop and meet the needs of all their customers, but as I said, we'll also be working with everybody in this debate to find a way through.

Hon. Justice

Rachel Pepper: Yes, Professor Priestly.

Prof. Brian Priestly: Yes, thank you Mr. Doman. I have two questions really. One relates to the issue, you said that APPEA has reached agreement with pastoralists on issues of land access and we've heard during these consultations some of the concerns that pastoralists have. I think it would be very helpful to the inquiry if we could know more about the nature of that agreement that you've reached and the way in which it addresses the concerns that have been put, so I wonder if that is possible for you to perhaps [inaudible 00:25:16].

Matthew Doman: Absolutely, we'll be making a very detailed submission to this inquiry well ahead of your April 30 deadline and we look forward to providing more details on many aspects including that.

Prof. Brian Priestly: Thank you. The second question I had, really relates to the issue of product waters associated with the fracking process. During the consultations, I detected a certain amount of confusion as to how that product water is

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going to be managed, both on site, whether it's going to be stored, or how it's going to be stored, given there are very large volumes of water involved, the extent to which it could be reused, whether it's likely to be transported off site and treated elsewhere. Could you perhaps clarify what is intended, or what is the general intention for the way in which that product water will be handled?

Matthew Doman: Firstly, to reuse as much of the water as we possibly can and to do that requires facilities to hold and manage that water. We will have storage ponds and waste water holding facilities. That will be largely diminished, the amount of that liquid will largely diminish through evaporation, but at the end the waste product remains that needs to be either treated or stored. At the moment the relatively small amount of waste product that remains after the pro-, on site, handling processing and evaporation, is transported outside of the Northern Territory, either to Queensland or to a processing facility and waste managing facility north of Adelaide. As we look to increase our activity, that's one of the key questions that we'll examine, whether there's a need or a possibility of such a facility in the Territory or whether we need to locate that outside the Territory.

Prof. Brian Priestly: Thank you.

Hon. Justice
Rachel Pepper: Yes, Doctor Beck.

Dr. Vaughan Beck: During our hearings and community consultations we and you have also heard the concerns expressed by the community and the passion that has been attached to those concerns. You mentioned during your presentation that the industry must do a better job of engagement. I'd like for you to just elaborate on that and what proposals APPEA or, in the industry intend to implement?

Matthew Doman: Yeah, thank you. I think one of the things the industry's done very well, is talk to, engage with the communities, the people who are immediately impacted by our activity. If you're a pastoralist on whose land we seek to operate, or you're the traditional owners of that land, we have very detailed, open ongoing discussions with them. Invariably the questions are responded to, the concerns are met and we reach agreement and proceed with our activity. What we have not done well, is communicate with the broader community.

Last night in Humpty Doo, in the rural area of Darwin, we saw people who are very concerned, very worried, very troubled by fracking. There will not be any fracking within hundreds of kilometres of the rural area Darwin, but that doesn't mean that their questions, concerns are not legitimate and should not be responded to. That's I think where we need to do a better job, of communicating with the broader community. Even people who are close neighbours of areas where activities occurring, but not actually hosting those activities and that will require continue presence from us and things like the show, the regional shows throughout the Territory. Organisation

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industry information seminars. Going out and meeting with people who we know have concerns and listening to them and responding to them.

We need to do more of that indeed through that we need to use the media, the social media and other channels to reach a broader audience we often find, as we have this week, the people who are most concerned about our industry, the people who frankly are most opposed to it, are motivated to leave their homes and come and attend the meeting. The people who don't have those concerns, aren't motivated to attend those meetings. We need to find a way where everybody's views are understood and responded to, and I think that is an area where we continue to need to do more work.

Hon. Justice
Rachel Pepper:

You said that you would respect pastoralists who don't want industry on that land, can I take it from that comment that you therefore would approve of a right of Veto?

Matthew Doman:

No, we don't believe in a right of Veto, but we do believe that the only way for our industry to succeed is in constructive and collaborative partnership with land holders. We don't think that we achieve that by enforcing legal rights, but at the end of the day, I think in our society there needs to be an understanding of that. Pastoralists for example have a right to use the land on a pastoral lease for grazing and raising cattle. The resources that lie below that land, are owned in this case by all Territorians, so all Territorians ought to have a say in whether those resources are developed or not.

I think the legal framework we're not, we don't believe needs to be changed. I think what does need to be changed is the relationship and the communication between the land holders, the industry doing the development and the broader community. It also is the case that many, much of the pastoral land for example in the Northern Territory is owned by foreign interests or large corporate interests. They ought not necessarily block the development of resources if the majority of Territorians through their elected government wish for those resources to be developed.

I guess that comment is that we respect people who don't want activity on our land. We need to respond to that, by giving them, by understanding those concerns, responding to those concerns and finding a collaborative path forward. Sometimes that involves us not deciding, not to go onto that land in question. Often times it's the case that we choose where we locate our facilities and we can bear landholder attitudes in mind, but no we do not support a blanket Veto.

Hon. Justice
Rachel Pepper:

I just don't quite understand that position. If ultimately a landholder, whether that be the owner, whether that be the pastoral lessee absolutely does not want gas development on their land, why can't that person have the right to say no?

Matthew Doman:

Well they, don't own those resources and many Territorians in this case, would have a stake in the development of those resources. Our, the answer to the theoretical question is we don't support a change in the existing

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arrangements in relation to landholder Veto or the lack thereof. However, our commitment is to work collaboratively with landholders. It's the case in, around the country in Queensland for example where we have five or six thousand landholder agreements in place, there's not a single case of dispute going to the land court. We find a way to work with landholders or locate our operations accordingly. For the industry, but I think more importantly for Territorians, as the owners of the resource to see the right to developing of resources to the people who have the surface rights is not something that we yet willing to concede.

Hon. Justice
Rachel Pepper:

Yes, Doctor Jones.

Dr. David Jones:

It's a just a bit of a follow up in that particular questions in terms of land access and penetration of land. We talk about the surface of the land and we talk about underground and with modern directional drilling for example, we've heard that you can drill like ten kilometres out from a well head. Now, what would be the situation whereby one could locate a well-head over here-

Matthew Doman:

Mm-hmm (affirmative).

Dr. David Jones:

Cross a property boundary and go underneath it, in terms of the views of landholder access?

Matthew Doman:

Well that is possible and, but fair to say in very large properties that we find in the Northern Territory, it's very unlikely to be a way to be successful in developing resources that lie below particular properties.

Dr. David Jones:

Just a follow up to a previous question about this issue of communication with the community, at the moment if one looks at a map of the Northern Territory, I think it's claimed approximately 85% of the Territory is covered by periods of exploration leases. Now that's in a sense not helping the issue, because everyone thinks that this industry is going to be located on their land. To what extent do you think APPEA might have a role in communicating the realism versus the mirage?

Matthew Doman:

Well I think that's a very good question and it's a question that is applied in other jurisdictions including in New South Wales. Governments have for reasons that they can respond allocated large tracks of land for petroleum exploration. Where the industry has very little belief that meaningful resources of oil or gas would be located. I think that is the case in the Northern Territory. There are many companies that don't have any oil and gas expertise or experience that hold petroleum exploration licences. I think that's something that could be looked at carefully. It's no doubt that the claims that 85% of Territory is covered by oil and gas industry and is about to be fracked are untrue and unhelpful to the broader sensible discussion about resource development and focus on the areas where it is actually likely to occur.

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Rachel Pepper: I've just got two more questions. One, as the prerogative of the Chair, but Doctor Beck.

Dr. Vaughan Beck: Just a clarification on answers to some previous questions, and that was in relation to looking at opportunities for increasing supply from the Northern Territory to other states.

Matthew Doman: Mm-hmm (affirmative).

Dr. Vaughan Beck: You said the scope for increasing the pipeline, the size of the pipeline, I think were you then referring to the Northern pipeline or is that another pipeline?

Matthew Doman: Well I referred to two possibilities. One increasing the capacity of the planned pipeline between Tennant Creek and Mount Isa, now that's not a matter for APPEA or its member companies. We don't own and operate pipelines. It's certainly, Jemena that is building that pipeline is not a member of APPEA, but quite clearly construction has not begun.

Dr. Vaughan Beck: Mm-hmm (affirmative).

Matthew Doman: They are planning a twelve-inch pipe and I think that is what will be built. In the future, that could be expanded or alternate pipeline routes could be opened up.

Dr. Vaughan Beck: When you mentioned alternative pipeline routes, can you give some indications to what those possibilities may be then?

Matthew Doman: Yeah. Before the proposal that Jemena is now working on between Tennant Creek and Mount Isa, there was a shortlist of four proposals. Two of them were the pipelines between Tennant Creek and Mount Isa and two of them, with the proposals for pipelines between the Alice Springs area or the Mereenie gas field west of Alice Springs through to Moomba in the Cooper Basin in the northeast of South Australia. There were many who argued that the nation building possibilities were stronger around the southern pipeline. There were others who felt that the proximity of the Northern pipeline to the shale gas resources that are prospectively about to be developed made the case for that. There are other considerations at play in that decision as well, but I think both were plausible routes and the day could come when both are, the opportunity to have both connections is there.

Dr. Vaughan Beck: Thank you very much for that clarification.

Matthew Doman: Thank you.

Hon. Justice

Rachel Pepper:

Lastly, how realistic do you think some of the estimates given in the Deloitte report are, we've got many examples throughout the ages of estimates of jobs and growth that will eventually as a result of new extractive industries and indeed they never, or at least they don't come to fruition. Some of the assumptions based in that report seem a little heroic and indeed even if you were summarising used lots of terms of may and could.

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Matthew Doman: Sure.

Hon. Justice

Rachel Pepper: How realistic are they?

Matthew Doman: Well we haven't really begun serious exploration yet so it is a highly conditional scenario. It doesn't mean that's not a reasonable indication of what's possible. I think the subsequent exploration work post the 2015 publication of that report over the last two years, has led industry to believe that the results potential may even be great than that estimated by Deloitte, but it does remain early days. If, I think there's one thing you could say about economic forecasts, they're typically wrong. They either underdo it or overdo do. I think the Deloitte is a good one and is a credible estimate of the scenarios around the development of our industry. They forecast a range of likely outcomes and I think it's a, it remains a good predictor of what might be possible, it is possible that they're wrong and the opportunity is in fact greater than that which they've modelled.

Hon. Justice

Rachel Pepper: Thank you very much ...