

From: Graeme Suckling
To: [fracking inquiry](#)
Subject: Urban Development Institute of Australia (NT) submission
Date: Tuesday, 29 August 2017 9:55:44 AM
Attachments: [Signed letter.pdf](#)
[Can shale gas help rebuild the NT economy.pdf](#)

Attention NT Fracking Inquiry

Please find attached a submission from the Urban Development Institute of Australia (NT) and an accompanying letter. The submission supports the development of an onshore shale gas industry in the Northern Territory because of the significant role we believe this industry can play in rebuilding our economy.

The panel is welcome to contact me if further information is required.

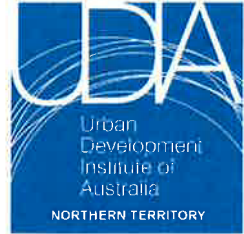
Yours sincerely

Dr Graeme Suckling
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August 29 2017

The Honourable Justice Rachel Pepper
Chair, NT Government Fracking Inquiry
GPO Box 4396
Darwin NT 0801



Dear Justice Pepper

I am writing on behalf of the Urban Development Institute of Australia (NT) in support of the establishment of an onshore shale gas industry as a means of progressing the NT economy (see attached submission).

I have lived in the Northern Territory since 1999, following a career spanning 32 years of professional work and tertiary study in Victoria. I commenced work in the role of Chief Executive Officer, Urban Development Institute of Australia (Northern Territory) early in 2011, following ten years working with respected NT community organisations Greening Australia and Council On The Ageing (COTA).

My working roles in the Territory have taught me that we need to grow our population if we are to be able to operate viable community and industry organisations. Sadly, after a long period of settlement we have not been able to achieve this and in many respects are still a "settlement on the edge" as referred to by Charles Darwin University demographers.

Although there has been a great deal of emphasis on our proximity to Asia and the opportunities a rapidly growing middle class there provides for us, a Federal Government focus on developing the north, a well-resourced Northern Australia Development Office and many conferences and studies addressing this topic, 2017 finds us with a static (or declining) population and an economy in the doldrums.

As I have argued in the attached submission, I believe that becoming a gas hub offers the Northern Territory the greatest chance of achieving the economic growth we currently need. We are already part of the way there because of massive investments in gas plants and our extensive network of gas pipelines. I believe a well-managed shale gas industry can provide the significant impetus our economy desperately needs and I am happy to discuss my submission at any mutually convenient time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Graeme Suckling'.

Dr Graeme Suckling
Chief Executive



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Can shale gas help to re-build the NT economy?

Dr Graeme Suckling UDIA (NT)

Urban Development Institute of Australia (NT) members, as for many other businesspeople in the NT, are currently experiencing very challenging economic conditions caused by low (or negative) population growth. The NT Government has stated it is committed to growing the population, building employment and growing our economy, but how can we achieve this?

Economic peaks and troughs have a serious effect on Territory businesses and community organisations, and particularly on the development industry, which is characterised by long time spans (approximately five years as a minimum) between making a decision to build and completion of the project. In recent years the industry has built housing to cater for an expected market which has not materialised, causing an oversupply of homes.

The NT has been described as a “welfare state” because we receive far more GST revenue than we contribute to the national coffers (around five dollars for every dollar we contribute). This needs to change if the NT is to become the hub for economic growth in Northern Australia and Darwin is to become the capital of the north.

It seems the Northern Territory is unable to shake off the cyclical, roller coaster nature of our economy, characterised by significant peaks and troughs in employment. Anyone who doubts this fact should read the book “Territory” written by Ernestine Hill, which although written in the 1950s, graphically illustrates the fluctuations in the Territory economy from the very early days. A key reason for this has been periodic major projects, as well as external impacts on the major industries which drive our economy.

These external impacts include periodic spikes in fuel prices which affect costs of air travel and freight, fluctuations in the value of the Australian dollar, economic conditions in countries where our tourists originate from, competition from interstate and overseas, terrorism, political decisions made in Canberra which adversely affect our economy (such as the White Australia policy, and much more recently the ban on live cattle exports and the backpacker tax), peaks and troughs in supply, extreme weather events such as cyclones and floods, as well as fluctuating market prices for our agribusiness and mining products.

All of our industries which are here for the long-term help to underpin our economy, and any growth in jobs, for example due to significantly increased Defence spending on infrastructure and equipment, makes an important contribution.

But despite the hard work, innovations and technological changes we have experienced in all of our industries over very long periods, the Northern Territory continues to experience

significant fluctuations in our economic conditions. Can we progressively shift our economy onto a more stable and predictable base? And if so, how could we do this?

Recent projections have identified potential for our future economic growth to be driven by the following industries:

- Tourism
- Agribusiness
- Mining
- Defence
- International education and
- Oil / gas

While it is true there is potential for economic growth in all of these areas, we need to do a reality check to identify the real opportunities for growth in each. For example the NT does have excellent tourism attractions, but we are a long way off the beaten track for people coming to the eastern states from overseas. We have seen little investment in new infrastructure in Kakadu over the past 20 or so years and we have limited funds to build the necessary new infrastructure. We also face strong competition from other States in Australia, as well as from overseas, for the tourist dollar.

Over the whole period since European settlement in Australia, agribusiness in the north has faced significant challenges in establishing and maintaining markets; getting fresh produce to those markets; competing with agribusiness interests in the southern parts of the country; establishing and maintaining a skilled workforce; and maintaining supply given the extremes of weather and a lack of weatherproof road and rail infrastructure.

Mining has huge potential in the Northern Territory but is impacted on by fluctuations in commodity prices, which often means the difference between a profitable or non-profitable business in remote areas where labour and other costs are very high. There have also been significant environmental issues associated with some mining operations. Some of the problems experienced by agribusiness operations are also relevant to the mining industry.

The Northern Territory is home to about 9 percent of Australia's defence force, which appears to be a very low figure when we consider the strategic importance of this region of the world. But we have seen a decline in Defence personnel numbers over recent years because of the high costs of basing people here (for example it costs about twice as much to build a Defence home in Darwin compared to Townsville), the relative unattractiveness of Darwin for some Defence personnel (due to remoteness, costs of living, perceived inadequacies in education facilities) and competition for defence investment from bigger jurisdictions which have more political clout.

It is true that Darwin can be an appealing destination for some international students from our region, but we also face considerable competition from more established tertiary education centres in Australia. These centres, such as Melbourne, Sydney and Adelaide, can offer a wider choice of tertiary institutions, lower costs of living, better amenities to support student lifestyles and in many cases proximity to family or family friends who can provide support.

Unfortunately, whether we consider them singly or in combination, the net impact of tourism, agribusiness, mining, defence and international education on the population of the Northern Territory since 2000 has not been sufficient to drive the economic growth both the NT and the Federal government have been hoping for.

In contrast, we have seen significant growth driven by expansion of our gas industry. Gas generates the bulk of our electricity in the NT, is supported by pipelines between Darwin and gas fields near Alice Springs and Port Keats, and we will soon be able to flow through a new connection to the east via the Jemena pipeline.

New gas plants built in Darwin Harbour for Conoco Phillips and INPEX represent massive investments and although the gas is being exported and the royalties flow to the Federal Government, are very significant drivers of our economy. The offshore facilities are being supported by a new Marine Supply Base which will make a further contribution to Darwin's economy.

Given this recent investment and the synergies between offshore and onshore gas operations, of all our current major industries, gas appears to have the strongest potential to shift the NT economy towards a more stable pattern, particularly if we can develop our onshore gas industry. UDIA (NT) believes the reasons for the importance of an onshore gas industry to our economy include:

- Onshore shale gas harvesting produces an important energy source and known reserves are projected to be able to provide many decades of supply;
- The gas reserves belong to the NT and a long-term flow of royalties will help to support the NT economy when the gas is harvested, providing more money to supplement necessary infrastructure and therefore growth (there has been at least one excellent example of an Aboriginal community using royalty sources to enable them to convert to renewable energy, thereby providing potential for other economic activity such as horticulture in that remote centre);
- Onshore gas has many uses which can add value to other sectors of our economy, such as by providing energy for manufacturing, reducing the costs of power generation on cattle stations and communities, generating by-products of importance in the production of some products (such as has happened in the United States) and enabling the establishment of new industries based on those by-products;
- There appears to be strong potential to provide an additional gas supply to the eastern states and thus for the NT to play a significant role in supplying energy to the national grid;
- Onshore gas development will provide training and employment opportunities for Aboriginal people in remote communities;
- Access to a stable, relatively clean source of energy (compared to coal and diesel) can help Australia and the NT transition to renewable energy sources over coming decades;
- There is potential for synergies between an onshore gas industry and remote mining and agribusiness activities, such as through improved road and rail infrastructure which could benefit all of those sectors and make their operations more viable;
- Because some companies, such as drilling companies (and many others) service both the offshore and the onshore gas industries, the combination of both harvest

technologies is likely to drive expansion in existing service companies, and / or introduction of new companies into the NT economy.

The environmental impacts of new industries, existing industries and all proposed developments should always be identified, monitored and managed in the Northern Territory, because our pristine environment is a fundamentally important part of the unique tourism and recreational fishing opportunities we offer, as well as the lifestyle many of us enjoy. We need to ensure we protect the environments these industries and our lifestyles depend on. But as all NT Governments have agreed, we also need to build a bigger and more stable economy.

UDIA (NT) believes building our population, re-building our economy and providing conditions which will enable businesses to operate sustainably and offer stable employment, are critically important to the Northern Territory. We believe a well-managed and properly regulated onshore gas industry has the potential to build our economy, help to make other industries more efficient, generate and support new economic activity and reduce the fluctuations which have characterised our economy since European settlement of the north.