



Australian Government
Department of Industry,
Innovation and Science

Secretary

Justice Rachel Pepper
Chair
Scientific Inquiry into Hydraulic Fracturing
in the Northern Territory
GPO Box 4396
DARWIN NT 0801
Email: fracking.inquiry@nt.gov.au

Dear Justice Pepper

Thank you for your letter dated 2 August 2017, seeking additional information on certain issues raised in the Department's submission.

As noted in our submission, the Australian Government is providing \$2.7 million to work with states and territory governments, through the COAG Energy Council to address on-ground community and landholder issues which delay development of onshore gas. An aspect of this work was to consider royalty regimes for onshore gas and the potential for land access templates to assist negotiations with landholders. I apologise for the delay in responding however, this proposal has now been discussed in the COAG Energy Council. As a result of these discussions, the COAG Energy Council has agreed to communicate information for landholders and communities about the onshore gas industry, including information to assist landholders in negotiating access to land for gas developments.

This new Gas Supply Strategy collaborative action will involve engaging a consultant to collate information material on land access, community engagement and community benefits and an associated communication strategy, in consultation with the states and the Northern Territory, through the Energy Council's Working Groups. The work will draw together key findings from current practices, including outcomes from other Gas Supply Strategy collaborative actions and research including, but not limited to, the Gas Industry Social and Environmental Research Alliance (GISERA) and Bioregional Assessments Program.

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Key information material will include a clear description of the responsibilities of Commonwealth, State and Territory governments, benefits of the industry for communities, and the land access arrangements applying across jurisdictions. The information will be collated and presented in an easily accessible way that assists landholders in negotiating access to land for petroleum companies, and enables communities to better understand and engage in resource developments. Advice will also be sought on how best to convey the information using a range of tools including social media.

The revised versions of the *Gas Supply Strategy* and *Gas Supply Strategy Implementation Plan for Collaborative Actions* are available on the COAG Energy Council's website www.coagenergycouncil.gov.au.

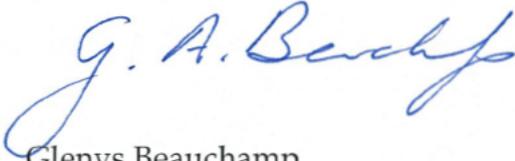
My Department intends to continue pursuing conversations with those jurisdictions that are interested in considering alternative ways to further share benefits of onshore gas developments with communities, including royalty sharing schemes. For instance we are interested in the South Australia's Plan for Accelerating Exploration (PACE) Royalty Return Scheme¹², that will provide 10 per cent of royalties to landowners whose property overlies a petroleum field (not limited to landowners hosting wells) which is brought into production, opening up new exploration across South Australia.

I note that the royalty regime in the Northern Territory operates in the context of the Aboriginals Benefit Account (ABA), established under Part VI of the *Aboriginal Land Rights (Northern Territory) Act 1976* (the ALRA), which is a special account for the purposes of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act)³. The ABA was established for the receipt of statutory royalty equivalent monies generated from mining on Aboriginal land in the Northern Territory, and the distribution of these monies. For each dollar of petroleum and/or minerals⁴ royalty collected by the Northern Territory government, the Commonwealth pays an equivalent amount into the ABA. Thirty per cent of royalty equivalent receipts are distributed to incorporated Aboriginal associations in order to benefit those Aboriginal people who are affected by mining operations. ABA funds are also used to meet the operational costs of the four land councils in the Northern Territory, to make payments for the acquisition and administration of township leases, and for payments for the benefit of Aboriginal people living in the Northern Territory made at the Minister's discretion (biannual grants rounds⁵ are conducted).

The *Native Title Act 1993*⁶ provides for compensation for particular acts affecting native title, such as the issue of exploration of mining tenure. However the *Native Title Act 1993* does not deal with other financial matters such as the potential sharing of amounts equivalent to State royalty regimes.

I hope this additional clarification helps in your considerations and if you wish to discuss any elements of the letter, please contact [REDACTED] Manager, Onshore Gas Section at [REDACTED] or on [REDACTED]

Yours sincerely



Glenys Beauchamp

5 September 2017

http://petroleum.statedevelopment.sa.gov.au/data_and_publications/mesa_journal/news/pace_contributing_to_the_south_australian_energy_plan

²The ABA is administered by the Department of Prime Minister and Cabinet in accordance with the requirements of the ALRA and the PGPA Act.

³ The *Uranium Royalty (Northern Territory) Act 2009 [Cwth]* imposes a royalty on uranium, and certain other designated substances, recovered in the Northern Territory by applying the *Mineral Royalty Act* of the Northern Territory as a law of the Commonwealth. See: <https://www.legislation.gov.au/Details/C2014C00420>.

⁴ <https://www.pmc.gov.au/indigenous-affairs/grants-and-funding/aboriginal-benefit-account-aba-grant-funding>

⁵ *Native Title Act 1993 [Cwth]* is available at <https://www.legislation.gov.au/Details/C2017C00178>