

It's territory v state in high-stakes LNG stoush

The NT Chief Minister has punted on gaining a key gas project, writes **Robert Guy**.

In rugby league, the fiercest competition is between NSW and Queensland. In Aussie rules, it's Victoria versus the "Dream Team".

But there is a new "state versus state" competition and the stakes are much higher than simple sport bragging rights.

Northern Territory Chief Minister Paul Henderson this past week upped the ante in his bid to snatch a \$12 billion liquefied natural gas (LNG) project from Western Australia by calling a snap election premised on providing "certainty" to the project's backers, Japan's Inpex and France's Total.

For Henderson, the surprise poll is an aggressive attempt to sway the development in the NT's favour, with the end game focused on the mooted generation of 4000 jobs and a \$50 billion impact on the Top End's economy.

He argues that if the ALP can retain power in the August 9 poll it means Inpex "can rely on secure, bankable and sufficient long-term tenure".

However, it is also a politically risky move. By making the project the central plank of the campaign,

he has hitched his political career to Inpex choosing Darwin Harbour over the company's preferred option of the Maret Islands off the Kimberley coast of WA.

Failure could raise doubts about his ability to remain leader.

The attempt to snatch the project from WA also casts the spotlight on the slow process of selecting a

site along the Kimberley coast for processing gas sourced from the Browse Basin.

The WA government, through the Northern Development Taskforce, is working to whittle down the nine potential sites and the shortlist is due next month. The preferred site is scheduled to be selected by September.

That the project has become an election issue is as much a reflection of the NT's desire to secure the economic benefits as it is a reflection of the WA government's process of finding a site that balances the demands of the energy industry, environmental groups and indigenous interests represented by the Kimberley Land Council.

The KLC is heavily involved in the process and all parties are working with traditional landowners towards a position of

"informed consent", helped by the securing of a regional benefits package.

Many companies with gas

resources in the region would prefer to process their gas through their own facilities rather than being forced to use a plant nominated by the government.

Inpex finds itself in a position to arbitrage between the two governments as it seeks to commercialise gas from the Ichthys field in the Browse Basin, about 440 kilometres north of the WA town of Broome and 825 kilometres west-south-west of

Darwin. That Inpex would choose to build a much longer pipeline to Darwin does hint at its frustration with the approval process.

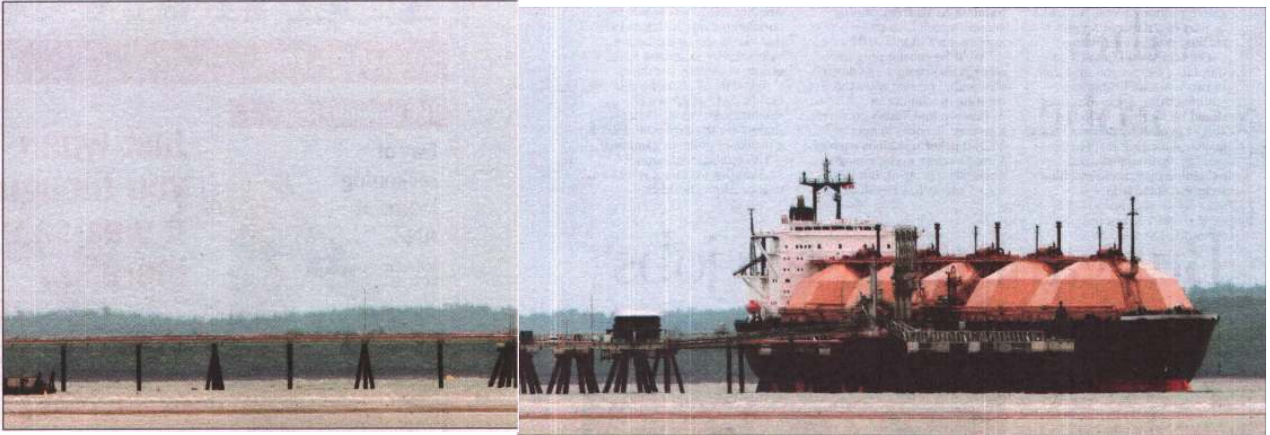
In its proposal outlining the options for Darwin, the company said its attempts to establish an onshore processing plant in the Kimberley had been met with a "complex series of constraints that make project development and site approvals a challenging and increasingly uncertain process".

However, all is not lost for WA.

It is a simple geographical fact that the gas is closer to the Kimberley coast than it is Darwin and in natural resources, distance means higher costs.

Additionally, federal Resources Minister Martin Ferguson made it clear that whether Inpex chooses WA or the NT, the development of a processing hub in the Kimberley will still go ahead.

The poll is an aggressive attempt to sway the project in the NT's favour.



Wanted . . . the West Australian and NT governments are both seeking a \$12 billion liquefied natural gas processing plant development.

Photo Glenn Campbell