

Senate Environment and Communications References Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
Inquiry into Oil and gas exploration and production in the Beetaloo Basin
02 August 2021

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: QoN 1. Rationale of application limits

REFERENCE: Question on Notice (Hansard, 02 August 2021, Page 28)

QUESTION No.: 1

CHAIR: What was the decision for that limit in relation to the \$21 million and the three applications? What was the thinking behind that?

Mr Quinn : I think we're possibly getting into an area here where we're talking about the decision in a fair bit of detail. I'd probably prefer to take this on notice so I can get advice from my legal counsel and provide that information to you.

CHAIR: What? I'm not asking about the merits of the decision that was made by the minister—though we can get to that. I'm asking: what was the process for deciding that there are limits around the \$21 million and a maximum of three wells per company? Surely there must be some rationale for that?

Mr Trotman : I think it's fair to say that, when we looked at developing this program, we looked at other programs of a similar nature and programs that had been developed in New South Wales and also programs that had been developed in South Australia. So we were very much looking at the existing framework that has been put to other jurisdictions.

CHAIR: Could you take on notice what the argument or the rationale is for those limits?

Mr Trotman : Certainly.

CHAIR: You must have something written down in relation to that.

Mr Trotman : Yes, we can do that.

ANSWER

In order to deliver accelerated wells, the Government needed to incentivise business to bring forward significant investment.

The Department took into account similar State and Territory Programs in the design of the Beetaloo Cooperative Drilling Program, including the NSW Cooperative Drilling Program (50 per cent contribution to costs) and South Australia's Plan for Acceleration Exploration (PACE) Grant Program (up to 50 per cent contribution to costs). Under the PACE Grant program the average amount funded was around 18 per cent and between 12-33 per cent.

The Department arrived at the maximum grant size of \$7.5 million based on the assessment that a 25 per cent contribution would act as an effective incentive and the Department's expectations regarding the upper bound for reasonable costs associated with well drilling activities. The upper bound for reasonable costs were assessed to be in the order of \$30 million dollars. This assessment was informed by consultations with the Northern Territory Government regarding costs for activities undertaken in the Beetaloo prior to establishment of the Beetaloo Cooperative Drilling Program.