The Northern Territory Government has proposed a new plan to get gas to Gove that is a win-win for both taxpayers and Pacific Aluminium.

“The alternative proposal gives longer-term certainty to the Gove community whilst protecting Territory taxpayers from billions of dollars in financial risk,” Chief Minister Adam Giles said.

“We are talking to Pacific Aluminium about them using a dual fuel option that would see the Gove Alumina refinery operate on a combination of heavy fuel oil and natural gas for 15 years.

“We understand the importance of the refinery to the local community and the Territory economy and we are confident this is a better, longer-term solution for the town offering a 15 year energy solution, instead of 12.”

The original proposal put forward by Pacific Aluminium involved the Territory giving up 25PJ of gas per year for 12 years, totalling 300PJ. Under the new model, the Territory Government would sell Pacific Aluminium 13PJ of gas per year for up to 15 years, totalling 195PJ.

“The original proposal by Pacific Aluminium was always conditional on a rigorous due diligence process and unfortunately the results have revealed unacceptable risk to the NT economy and taxpayers,” Mr Giles said.

The analysis has been reviewed by independent experts and their advice was clear.

“Under Pacific Aluminium’s original plan, Northern Territory taxpayers would have faced a massive $3.2 billion gas pricing risk and the possibility of energy shortages in the long term,” Mr Giles said.

“The original plan would have inevitably seen higher energy prices for Power and Water customers and would have threatened the Territory’s credit rating.

“With the Federal Government refusing to help and the enormous $5.5 billion dollars in debt we’ve inherited from Delia Lawrie, we simply cannot afford to proceed with the existing plan.

“Kevin Rudd could have made the original proposal viable by underwriting the Territory Government’s exposure but his government refused to help. An alternative is now on the table and Pacific Aluminium needs Kevin Rudd to underwrite this solution.

“The alternative proposal strikes a balance between meeting the needs of one single company against the interests of the whole of the Northern Territory and its economy.”
This is a responsible decision that will increase the incentive for the commercial market to open new gas fields and meet Pacific Aluminium’s energy needs. Heavy fuel oil would supplement supply until that happens, giving the market time to respond.

“We are prepared to play an active role in talking to gas suppliers in the market who could help meet Pacific Aluminium’s needs,” Mr Giles said.

“What we need now is agreement from Pacific Aluminium and formal sign off by the Prime Minister to support underwriting the pipeline and its construction.

“The Territory Government has worked tirelessly on the dual fuel solution. Helping Gove is now in Kevin Rudd’s hands.”

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