I’m very pleased to be here to address the Sydney Institute. Gerard and Anne Henderson have had great success with this organisation, over the last 13 years, building it into a unique Ideas Exchange for Sydney and for the rest of the country.

Your speakers reflect the Hendersons’ wide interests: artists, writers, diplomats, scientists, philosophers, architects, lawyers, journalists and even humble politicians have spoken to Sydney Institute audiences.

It’s rare these days to find a speakers’ forum that welcomes such diversity, and we should value and nurture it.

Unlike so many other organisations’ speakers’ lists the Institute seems to have no problem attracting good women!

And as the Northern Territory’s first woman Chief Minister, I’m pleased to be able to contribute to the equality celebrated by this Institute.

The Institute is also a forum for international ideas, welcoming outside visitors and speakers. And that contribution to broadening our discourse is a rare and pleasant thing to find during this time when our national political debate appears so inward-looking.

We Territorians sometimes get treated like foreigners when we come to Sydney.

People seem to believe the Territory is some sort of giant theme park, and that we are all Crocodile Dundees.

In fact the Territory is a remarkably multicultural and outward-looking place, with close ties to Asia.

It is more than three thousand kilometres from Darwin to Sydney – Jakarta is much closer. A trip to K.L. and Singapore takes about the same time as to the east coast: Hong Kong, Manila, Taipei are not much further.

Darwin itself is an interesting mixture of peoples. There is a strong Chinese community, entrenched in the business world. The Greeks are a big influence in the town. Aborigines from the local Larrakia play a big role in the city. Vietnamese, Thais, Indians, Malays, are strongly represented.

If any of you have visited recently you will know the Territory as an exciting and progressive place, with people from diverse backgrounds and cultures sharing one of the world’s most beautiful environments.

Just take a stroll through the Mindil Beach markets as I did last week, with the sun setting over the harbour, and food and handicrafts from all over the world on display, and you feel that this is what Australia should be.

Our vision is for the Territory is to build upon what we have already achieved, and to expand into a real northern capital for Australia.

Already we have set about major reforms across all policy portfolios, and established new accountability and transparency rules for Government. Among our first acts, we
apologised to the stolen generations, and repealed mandatory sentencing for property
crime.

But to make the major changes we need in the Territory to deliver fair and equitable
health, education and other services to all our communities, we need a much stronger
and more independent economic base.

And this is what I’m here to talk to you about tonight.

My Government took office last August – the first Labor Government in the history of
the Northern Territory.

We were armed with a fully-costed plan for reform, Access Economics had gone
through it and confirmed that it was achievable.

Our euphoria was short lived. Almost the first public servant to walk through my door
informed me that the expected Budget deficit of $12 was actually more than nine times
that size.

It really was a scandalous indictment of our predecessors’ financial management.

And it was a big shock to us and a setback to our plans.

Nevertheless, we have re-grouped, and presented a mini-budget to get our finances
back into balance over the next three years.

Our prospects are looking good.

Forecasters Access Economics and BIS Shrapnel, expect vigorous growth across NT
business and industry in the next five to 15 years.

We are now starting to get the message across to others that it is an exciting place for
investors, on the verge of substantial development as we try to expand our resources
and energy sector, rapidly improve our transport infrastructure, and build our
knowledge industries and services.

The Territory has always seen its future in the marketplaces of Asia, and
improvements should be seen with the better economic growth of neighbours to our
north.

This is good. But what we really need is a quantum shift in our fortunes.

We need to think about northern Australia in a different way.

It is an important part of any vision for Australia, any nation-building vision, that the
north should be strengthened, and planners as far back as John Curtin (and there are
probably even earlier ones) have thought about ways to do this.

Kim Beazley did a lot for the Territory with his far-sighted defence policies of the 1980s
– sending far more of Australia’s forces to the north.

We have the railway. I’m sure few of you thought the Alice to Darwin rail link would
ever take place. But the track-laying is well underway.

We have a new port facility under construction. When the railway is complete importers
and exporters will find a smooth operation for their goods.

We’re talking to the South Australians regularly on exports of fresh food and other
products through this central trade corridor to Asian markets.
We are Australia’s Gateway to Asia.

And I think we have a rare opportunity now to really strengthen the Top End, to provide an economic base for expansion.

We have the opportunity to get away from our reliance on the Commonwealth to whom we currently look for about 80 percent of our revenues.

Ladies and Gentlemen

Most of our plans for the future hinge on bringing the vast gas resources of the Timor Sea onshore for industrial expansion of the Territory, and to feed into the national energy grid to the south and east.

Oil and gas are not Sydney’s favourite issues as I well know as I try to find airtime when I want to talk on these subjects!

Nevertheless these are the major issues we are grappling with at the moment. And I want to convince you that they are very important for you here in Sydney as well.

It is not too long a bow to draw to say that Sydney’s future petrol prices may be tied to the ability of the Territory to get its gas resource onshore.

And I’ll tell you why.

The peak energy producers’ conference in Adelaide last week heard from senior executives that Australia was facing higher petrol prices as oil supplies dried up around this country.

Australia’s oil self-sufficiency is expected to drop from its current levels of more than 80 percent of national demand to 40 percent within ten years.

"Find more oil, use more gas," was the theme of the conference, and a very important theme from the Territory’s point of view.

Natural gas is cleaner and greener and more environmentally friendly than oil as a fuel for industry.

It would be far better for Australia to develop its as yet untapped gas resources than to start importing vast quantities of oil from foreign countries.

It would be better from our balance of trade point of view, and it would be better from a national security point of view.

So let me paint you a picture of how the Territory comes into this.

As I’ve said, to the north of the Territory lies one of Australia’s most important gas provinces, all up containing 21 trillion cubic feet of natural gas.

Two of the biggest areas in this Timor Sea gas province are names possibly familiar to many of you even those not in the resources game: Bayu-Undan and Greater Sunrise.

We are well advanced with plans for the Bayu-Undan field: the major developer Phillips Petroleum has begun the first phase of this project. The Bayu-Undan field is shared between East Timor and Australia.

We are vitally interested in Bayu-Undan because, when its second stage gets going, its gas will be piped all the way to Wickham Point, near Darwin to a $3 billion Liquefied Natural Gas plant – Australia’s second only LNG plant.

Many hundreds of jobs for Territory workers will be created over the lifetime of the
project as gas is liquefied and shrunk into containers. But essentially, all of the Bayu-
Undan field will be exported to Tokyo. It will not be available to service Australia’s
growing energy needs.

There have been many ups and downs in the Bayu-Undan story, and the project is still
held up as the final royalty and tax arrangements are thrashed out before East Timor’s
independence on May 20.

But we are hopeful of this major development taking place in the near future –
something that will be of great benefit to the Territory in terms of revenue, spin-off
business for our entrepreneurs, and jobs for our people.

Greater Sunrise, a gasfield nearly three times bigger than Bayu-Undan, is a different
proposition, and I predict you are going to be hearing a lot more about this over the
coming weeks and months.

Sunrise is also shared between East Timor and Australia.

The proposed Sunrise developers are: the giant multinational Shell, Woodside, the
Australian operator of the field, and Phillips (the Bayu-Undan operator). A lesser stake
is held by Osaka Gas.

The giant Sunrise development has been talked of for years as a major contributor to
Australia’s energy needs.

There have been many proposals for its development. Most have included Australia’s
domestic gas needs as an important element and have included a pipeline to Darwin
as the first step in piping the energy into the national gas grid, as well as providing the
fuel for several major industries in the Northern Territory.

This is no longer the case.

Some people think my becoming Chief Minister was the biggest shock received in the
Territory in the middle of last year. But I think a bigger shock may have been the news
during the election campaign that Shell and Woodside had decided not to bring the
Sunrise gas onshore.

The developers of Sunrise announced that this major Australian resource would now
be extracted for conversion into LNG onsite in the Timor Sea.

This would be done on a floating barge parked in the middle of the ocean, and tankers
would take the resource away to markets in the US.

The floating barge would be built in Japan or Korea. There would be minimal jobs for
Territorians, and no chance of this Australian resource being piped into Australia’s
energy grid or used for domestic gas customers.

This new proposal is now being presented as a ‘done deal’ by two of the Sunrise
developers, Woodside and Shell.

This is the same company that only a year ago was presenting itself around Australia
as a true blue Aussie enterprise that must remain in Australian hands in the national
interest.

You will recall that so persuasive was this argument that the Howard Government –
that prides itself on its non-interventionist credentials -- actually intervened to stop
Woodside falling into Shell’s hands.

We now have Woodside, the very same company, in boardrooms around Australia
arguing against our view that this giant Australian gas resource should come onshore
to Australia in the national interest.
I have made plain to Woodside my intense disappointment at its role in this proposal.

The Territory commissioned a report from ACIL Consulting, who worked in parallel with the Centre for International Economics (CIE) in modelling the effect of losing the Sunrise gasfield.

ACIL predicts that without Sunrise gas onshore, South Australia and the east coast will not have enough gas from about 2008 to meet a moderate increase in demand for commercial and industrial use.

By contrast, if Sunrise were fed into the national grid, there would be certainty of supply, increased competition, and reduced gas prices particularly for Queensland, South Australia and the Northern Territory. Even NSW customers would receive about a 3 percent cut in gas prices.

It is estimated the onshore proposal and its spin-offs would generate 4,400 more full time jobs around the country than the floating LNG option.

Bringing Sunrise gas onshore would create $15 billion in additional wealth for the nation over the life of the project (over and above the floating LNG proposal).

It would also provide additional government revenue of $110 million – most of which would go to the Commonwealth.

Research by the Centre for International Economics shows Sunrise gas onshore would increase national Gross Domestic Product by $4 billion every year for the life of the project and Territory’s Gross State Product by 46 percent.

There are also environmental factors to consider. Gas onshore would reduce greenhouse gas emissions by allowing fuel oil and black coal fired plants to move to gas, a cleaner fuel source.

There are several projects that could go ahead in the Territory if the Sunrise gas came onshore.

These include a $3.6 billion aluminium smelter and power station, expansion of MIM’s zinc plant at McArthur River, the Compass Resources and Mt Grace metals projects, a pipeline from Mataranka to Gove to allow a $1.2 billion expansion of Alcan’s alumina plant, and the proposed pipeline linking Sunrise gas to the national gas grid at Moomba in South Australia.

This would mean that Darwin would get a significant industrial base and we would help supply the energy needs in the southern part of Australia.

And after all, the resources of the Timor Sea belong to the Australian and East Timorese people.

It is widely known that Woodside and Shell have told the Federal Government and anyone else who will listen that it would cost them an extra $2 billion to bring the gas onshore – money they are not prepared to pay.

We question this figure – last year they said it was $500 million, then it was $1 billion. Now it’s supposed to be $2 billion. We believe that they need to review their decision in light of information provided to them by Phillips Petroleum, one of the joint developers of the Sunrise field. Phillips has told us, and the Federal Government, that a domestic gas project is commercially viable.

By contrast, we know that the floating LNG plant concept has never been tried anywhere in the world. It is hard to see how the developers can have hard and fast figures on how much this will cost when it’s never been tried before.
These issues are becoming important to the rest of the country as national petroleum supplies become scarcer and our energy needs more urgent.

In a profound irony, a senior executive of Woodside Petroleum told a peak conference of the industry last week that there was an urgent need for more gas onshore in Australia.

Woodside director of new ventures, Dr Agu Kantsler, coincidentally the chairman of the Australian Petroleum Production and Exploration Association (APPEA), on the eve of last week’s APPEA annual conference said Australia was facing a rapid decline in crude oil self-sufficiency.

This could lead to massive rises in petrol prices and create a national balance of trade nightmare within just a few years, he warned.

I want to quote Dr Kantsler, because I agree with him: "All governments recognise that it is in the national economic and environmental interest to create opportunities to allow for the greater use of Australia’s abundant resources of natural gas."

Well, how amazing that he is an executive of the very company that is threatening to take Australia’s newest gasfield offshore, with practically no benefits for Australia!

We are taking out full-page advertisements in The Australian and the Financial Review tomorrow calling on Woodside shareholders to contact their company executives and to persuade them to act in the national interest over the Sunrise gas.

We really believe that Woodside could change its tune if it thinks of its long-term reputation.

We know it has a responsibility to shareholders. But we have a responsibility to our shareholders too, the people of the Territory.

The Federal Government is right now closely examining the floating LNG versus gas onshore options. The figures involved need to be vigorously tested and this is being done by Invest Australia, the Federal Government’s investment arm.

The Federal Government is very keen that potential gasfields are developed in order to meet future energy needs. We expect there will be elements in the next Federal Budget encouraging gas exploration and production.

I think the Howard Government is responding to widespread pressure to introduce a national energy policy for Australia, and this is well overdue.

I just want to leave you with this thought.

No one should be in any doubt that we are aware there is a big gap between our vision of what the Territory could be, and the reality for a great many of our citizens, particularly those in indigenous communities.

My ministerial colleague, Jack Ah Kit, in a courageous speech to our Parliament said it was hard to find a fully functioning Aboriginal community in the Territory.

The problems are very deep and very difficult. There is a burning need for better education programs to encourage indigenous children to stay at school. We have former Senator Bob Collins chairing a taskforce on this subject now, but everyone knows it is a very difficult business to turn around, requiring resources that at present are hard to find.

Aboriginal health is another area of great difficulty for the Government. Just take renal problems alone. Each community should have its own renal unit, because of the enormous number of people who need this treatment as they get older. But the costs
are enormous, as are the nutrition and basic health programs to try to stop these problems before they arise.

If the Territory could get its resources onshore there would be more revenue for us to do these things that are so badly needed. Perhaps more importantly, there would be jobs for those who at present have very little prospect of employment.

For all these reasons we need the gas onshore.

We’ve begun a campaign to get it. And I want to enlist your help here tonight.

Thanks for the opportunity to speak with you and I look forward to questions.