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CABINET DECISION

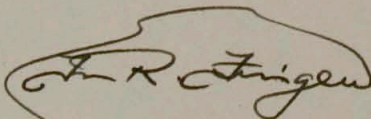
NO. 966

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Submission No.: 822

Title: PROPOSED ENERGY POLICY FOR THE  
NORTHERN TERRITORY.

Cabinet decided that the Submission be withdrawn and that a Working Group, comprising of Messrs. Dryer, Campbell and Willett, be formed to draft a comprehensive energy policy for consideration by Cabinet at its meeting on 23 January, 1980.



(M.R. FINGER),  
Secretary to Cabinet.  
28 November, 1979.

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THE NORTHERN TERRITORY OF AUSTRALIA

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Copy No. .... 1 .....

FOR CABINET

SUBMISSION No. .... 822 .....

|   |   |
|---|---|
| Title:  | PROPOSED ENERGY POLICY FOR THE NORTHERN TERRITORY.  |
| Cabinet Member                                  | The Hon. Ian Tuxworth, M.L.A.,<br>Minister for Mines and Energy.  |
| Purpose:  | To seek Cabinet adoption of a proposed Northern Territory Energy Policy.  |
| Relation to existing policy:                    | Consistent with existing policies.  |
| Timing/ legislative priority:                   | It is desirable that a firm Energy Policy for the Northern Territory be established as promptly as possible.  |
| Announcement of decision, tabling, etc.:        | Press Statement to be issued by Minister.   |
| Action required before announcement:            | Involved Departments to be notified.  |
| Staffing implications, numbers and costs, etc.: | No staffing implications arise from this Submission per se. It is possible that specific projects undertaken pursuant to the adoption of the proposed Energy Policy could have staffing implications. These would be dealt with separately. |
| Total cost:                                     | Minor publishing costs only.  |

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Department/Authority ..... PUBLIC SERVICE COMMISSIONER .....

COMMENT ON CABINET SUBMISSION No.

TITLE: ..... PROPOSED ENERGY POLICY FOR THE .....  
..... NORTHERN TERRITORY .....

COMMENTS:

No staffing implications directly concerned with submission. Details of staffing implications concerned with projects undertaken as a result of adoption of the proposed Energy Policy should be referred to Cabinet Committee on Establishment Variations.

SIGNED: *P. J. Bartholomew*

P. J. BARTHOLOMEW for Public Service Commissioner

DESIGNATION:

DATE: 27/9/79

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Department/Authority ..... Law .....

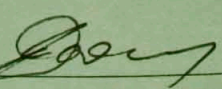
COMMENT ON CABINET SUBMISSION No.

TITLE: .. PROPOSED ENERGY POLICY FOR THE NORTHERN TERRITORY .....

COMMENTS:

There are no legal barriers to this proposal.

There appear to be no constitutional barriers to this proposal.

  
SIGNED: LEGISLATIVE DRAFTSMAN  
DESIGNATION: for SOLICITOR GENERAL  
DATE: 27 September 1979      CONFIDENTIAL



Department/Authority ..... TREASURY

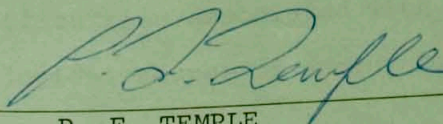
COMMENT ON CABINET SUBMISSION No.

TITLE: ..... PROPOSED ENERGY POLICY FOR THE NORTHERN TERRITORY

COMMENTS:

It is considered that it would be inadvisable to release the policy statement in its present form since it makes some commitments about which final decisions are yet to be taken by the N.T. Government. For example, it indicates that Darwin will be connected to the Ord Hydro-electricity supply and suggests that the Government will seek to establish a uranium enrichment plant in the Northern Territory.

It is suggested that the proposed energy policy should be further considered by relevant Departments, including Treasury, before being referred to Cabinet.



SIGNED: P. F. TEMPLE  
DESIGNATION: ACTING UNDER TREASURER  
DATE: 1 October 1979

THE ISSUES

Apart from a small solar contribution, the Northern Territory is totally dependent on imported petroleum products as its source of primary energy. Although some of these products originate in other Australian States, many others are imported from foreign refineries. This dependence on imported petroleum places the Northern Territory in a precarious situation, not only because of the economic repercussions of oil price rises, but also because of the vulnerability to embargo and supply shortfall situations.

It is essential that the Territory have a co-ordinated Energy Policy which prevents, as far as is possible, the occurrence of such situations, and to control any which may arise.

BACKGROUND

Until the occurrence of events in the Middle East at the end of 1973, energy in general, and oil in particular, had been so cheap that energy costs were often insignificant, when compared to raw materials costs, in the manufacture of many goods.

During the early development of the Northern Territory and Darwin, the lack of indigenous energy resources and the difficulties associated with transport of fuels, made oil a logical source of energy for the Territory.



The steep increases in cost of oil since 1973 and subsequent supply shortages have resulted in an unforeseen situation, where oil as an energy source is causing increasing difficulties in the Northern Territory. Additionally, the lack of local industry has meant that economies of scale and large capital investment for diversification of power source have not been available.

The mechanisms for solution of the Northern Territory's energy problems can be initiated by use of a comprehensive Energy Policy and associated strategy.

#### CONSIDERATION OF THE ISSUES

Because of the dependence of the Territory upon petroleum-based fuels, it is becoming increasingly necessary to -

- . use our best endeavours to obtain a fair share of the fuels available to the nation;
- . foster the discovery and development of additional and alternative sources of energy;
- . introduce measures to avoid the wasteful usage of energy; and
- . establish procedures to determine priorities and to ensure the equitable allocation and effective distribution of available fuels in times of shortage.

THE OPTIONS

No options are available. National and other State Energy Policies have been determined or are in the course of formulation and if the interests of the Territory are to be pursued and protected adequately, it is essential that the Territory have its own Energy Policy. This Energy Policy will accord with National Energy Policy wherever possible but must have the well-being of Territory citizens as its primary goal. A draft Energy Policy has been prepared and a copy is enclosed as Attachment 'A' for consideration by Cabinet.

PUBLIC IMPACT

It is difficult to over-emphasise the importance to the public of the continued availability of adequate supplies of energy in its various forms, or the economic damage, inconvenience and dislocation of the normal way of life which would attend severe shortages.

It is believed that the implementation of the draft Northern Territory Energy Policy, if adopted, would help to protect the interests of the public against such eventualities.



CO-ORDINATION WITH OTHER DEPARTMENTS

The Chief Minister's Department has actively participated in the preparation of the draft Energy Policy. This step was taken to ensure that the proposed Policy accorded with the policy aims of the other Departments of the Government.

The proposed appointment of an Energy Co-ordinator is a factor which will also be relevant to the implementation of the draft Energy Policy.

FINANCIAL CONSIDERATIONS

The adoption of the draft Energy Policy, of itself, would involve no expenditure other than minor publishing costs. However, specific projects arising in pursuance of the Energy Policy would cost varying amounts. Where significant expenditure was involved each item would be considered and, if approved, specially provided for at the appropriate time.

PUBLICITY

A matter of this importance would warrant press, radio and television coverage of a statement by the responsible Minister. An Energy Policy booklet, as published in other States, could be prepared, if required by Cabinet. A draft press release is enclosed as Attachment 'B'.

TIMING

In view of the speed with which national and international developments can occur, it is most desirable that an Energy Policy be established without delay.

SUMMARY


The provision of adequate energy, and in the event of an energy shortfall, the most equitable distribution of available energy are matters of inestimable importance to the Northern Territory.

To achieve these goals, it is essential that the Northern Territory Government establish an integrated policy on energy matters.

The draft Energy Policy, Attachment 'A' to this Submission, has been designed to meet this need.

RECOMMENDATION

It is recommended that Cabinet adopt the policy proposed in Attachment 'A' to this Submission.



IAN TUXWORTH



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ATTACHMENT 'A'

DRAFT NORTHERN TERRITORY ENERGY POLICY

GENERAL POLICY OBJECTIVES

THE GOVERNMENT'S ENERGY POLICY IS DESIGNED TO SERVE AS AN IMAGINATIVE AND REALISTIC BLUE-PRINT FOR THE MANAGEMENT OF INDIGENOUS AND IMPORTED ENERGY RESOURCES IN THE NORTHERN TERRITORY.

ALTHOUGH THE TERRITORY HAS FEW PROVEN ENERGY RESOURCES THEIR EVALUATION AND DEVELOPMENT WILL BE ENCOURAGED TOGETHER WITH EXPLORATION AND RESEARCH PROGRAMMES FOR THE DELINEATION OF FURTHER RESOURCES.

AS PART OF THE LONG TERM POLICY OF PROCESSING RAW MATERIALS IN THE TERRITORY AND ESTABLISHING A SECURE AND BALANCED INDUSTRIAL BASE, THE DEVELOPMENT AND FUTURE USE AS ENERGY SOURCES OF THE SIGNIFICANT RESERVES OF URANIUM IN THE NORTHERN TERRITORY WILL BE PROMOTED.

THE NEED FOR AN ENERGY CONSERVATION PROGRAMME WILL BE CAREFULLY MONITORED AND PROMOTED AS REQUIRED.

THE POLICY WILL BE FLEXIBLE TO ALLOW FOR THE UNPREDICTABLE NATURE OF WORLD ENERGY SUPPLY.

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THE AIM IN THE LONG TERM IS TO MOVE THE TERRITORY AWAY FROM ITS CURRENT DEPENDENCE ON IMPORTED PETROLEUM PRODUCTS TO A POSITION OF ENERGY SELF-SUFFICIENCY.

SPECIAL PROGRAMME ELEMENTS

CURRENT ENERGY SYSTEM

1. ACTION WILL BE TAKEN TO ENSURE THAT THERE IS ADEQUATE DECENTRALISED STORAGE OF PETROLEUM PRODUCTS TO MINIMISE THE EFFECTS OF SHORT TERM DISRUPTIONS IN SUPPLY.
  
2. A NORTHERN TERRITORY ENERGY COUNCIL HAS BEEN CONVENED AND ITS ADVICE ON ENERGY MANAGEMENT AND CONSERVATION WILL BE TAKEN INTO ACCOUNT.
  
3. IN CO-OPERATION WITH THE FEDERAL GOVERNMENT, ENCOURAGEMENT WILL BE GIVEN TO ENERGY CONSERVATION THROUGH ENERGY EFFICIENCY EDUCATION PROGRAMMES.
  
4. CONSERVATION OF LIQUID FUELS BY THE TRANSPORT INDUSTRY AND PRIVATE MOTORISTS THROUGH CONVERSION OF VEHICLES TO ALTERNATIVE FUELS, THE GREATER USE OF PUBLIC TRANSPORT SYSTEM, CONCESSIONS TO PRIVATE MOTORISTS, WILL, AS NECESSARY, BE CONSIDERED. A REVIEW OF THE USE AND EFFICIENCY OF POLLUTION CONTROL EQUIPMENT WILL BE MADE.
  
5. THE EFFICIENT DESIGN OF BUILDINGS AS LOW ENERGY USERS TOGETHER WITH SOLAR AIR-CONDITIONING AND WATER HEATING WILL BE ENCOURAGED.



INDUSTRIAL DEVELOPMENT

6. THROUGH THE TERRITORY DEVELOPMENT CORPORATION AND THE RECENTLY ANNOUNCED LAND POLICIES, FURTHER STIMULATION WILL BE GIVEN TO THE ESTABLISHMENT AND PROMOTION OF LOCAL INDUSTRY AS A DEVELOPING AND LARGE SCALE ENERGY MARKET.

7. EVERY MEANS WILL BE SOUGHT TO PROVIDE FACILITIES FOR UPGRADING LOCAL MINERAL AND ENERGY RESOURCES WITHIN THE TERRITORY RATHER THAN EXPORTING THESE AS RAW MATERIALS. IN PARTICULAR THE ESTABLISHMENT OF URANIUM ENRICHMENT AND ALUMINIUM SMELTER PLANTS WILL BE STRONGLY PURSUED.

8. CONSIDERATION OF THE ESTABLISHMENT OF AN INTERSTATE RAILWAY, AS A LOW ENERGY CONSUMPTION TRANSPORT SYSTEM, WILL BE GIVEN HIGH PRIORITY.

ENERGY RESOURCES DEVELOPMENT

9. A FAVOURABLE INVESTMENT CLIMATE WILL BE INDUCED AND MAINTAINED TO ATTRACT CAPITAL INTO RESOURCES DEVELOPMENT PROJECTS.

10. EXPLORATION AND DEVELOPMENT OF THE TERRITORY'S INDIGENOUS GAS AND OIL RESOURCES WILL BE PROMOTED TO REPLACE WHEREVER POSSIBLE IMPORTED PETROLEUM PRODUCTS.

11. THE EXPLORATION AND EVALUATION OF INDIGENOUS COAL RESOURCES AND CONTINUOUS REVIEW OF SYSTEMS OF USING INDIGENOUS COAL FOR POWER GENERATION WILL BE UNDERTAKEN.

12. THE EXPLORATION, MINING AND PROCESSING OF URANIUM ORE WILL BE MAINTAINED.

13. ACTION WILL BE TAKEN TO DEMONSTRATE THE USE AND VIABILITY OF EXISTING SOLAR ENERGY EQUIPMENT.

14. THE CONNECTION OF DARWIN TO HYDRO-ELECTRICITY FROM THE ORD RIVER DAM WILL BE UNDERTAKEN. FURTHER INVESTIGATION WILL BE MADE OF THE PRODUCTION OF HYDRO-ELECTRICITY FROM TERRITORY RIVERS.

#### ENERGY RESEARCH AND DEVELOPMENT

15. THE USE OF WIND, TIDAL AND OTHER UNCONVENTIONAL ENERGY RESOURCES WILL BE EXPLORED.

16. THE GOVERNMENT WILL CO-OPERATE WITH RESEARCH INSTITUTIONS, STATE AND FEDERAL AUTHORITIES AND OTHER COUNTRIES IN ENERGY RESEARCH AND DEVELOPMENT PROGRAMMES. IN PARTICULAR, RESEARCH AGREEMENTS WITH JAPAN, THE UNITED STATES AND THE INTERNATIONAL ENERGY AGENCY WILL BE EXAMINED.

17. RESEARCH PROGRAMMES IN THE USE OF SOLAR AND WIND ENERGY FOR SMALL REMOTE LOCALITY POWER GENERATION WILL BE CARRIED OUT BY THE GOVERNMENT.

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DIVERSIFICATION OF ENERGY SOURCES

18. THE USE OF L.P.G. AND ALCOHOL AS MOTOR VEHICLE FUELS AND THEIR ECONOMIC VIABILITY IN THE TERRITORY WILL BE CONSTANTLY MONITORED AS ENERGY PRICE STRUCTURES VARY.

19. THE USE OF NATURAL GAS AND COAL AS ALTERNATIVES TO FUEL OIL AND DISTILLATE FOR ELECTRICITY GENERATION IN THE TERRITORY WILL BE EXAMINED.

20. CONSIDERATION WILL BE GIVEN TO THE USE OF INDIGENOUS GAS RESOURCES AS AN ALTERNATIVE TO ELECTRICITY FOR HOUSEHOLD COOKING.

21. INVESTIGATION INTO THE SUBSTITUTION OF NATURAL GAS AS A REPLACEMENT FOR FUEL OIL WILL PROCEED.

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ATTACHMENT 'B'

DRAFT PRESS RELEASE

THE MINISTER FOR MINES AND ENERGY, IAN TUXWORTH, TODAY ANNOUNCED THE FORMULATION OF AN INTEGRATED NORTHERN TERRITORY ENERGY POLICY.

MR. TUXWORTH SAID THE POLICY REPRESENTED A CO-ORDINATED APPROACH TO THE ENERGY SITUATION IN THE NORTHERN TERRITORY, AND WAS AIMED AT ACHIEVING ENERGY SELF-SUFFICIENCY IN THE LONG TERM. IN THE SHORT TERM THE POLICY WOULD REDUCE THE TERRITORY'S DEPENDENCE ON IMPORTED PETROLEUM AS AN ENERGY SOURCE.

THE MINISTER INDICATED THAT THE POLICY WAS CONSISTENT WITH THE GOVERNMENT'S AIM OF ACHIEVING A VIGOROUS AND HEALTHY GROWTH OF DEVELOPMENT IN THE NORTHERN TERRITORY. IN PARTICULAR, INDUSTRY WOULD BE GIVEN ENCOURAGEMENT TO PROVIDE AN ECONOMIC ENERGY MARKET. A SECONDARY EFFECT WOULD BE THE CREATION OF EMPLOYMENT OPPORTUNITIES FOR NORTHERN TERRITORY CITIZENS.

MR. TUXWORTH ALSO SAID THAT IT WAS TIMELY THAT THE TERRITORY'S ENERGY POLICY BE ANNOUNCED AT THE PRESENT TIME, SINCE THE INTERNATIONAL ENERGY AGENCY HAD SET DOWN OCTOBER AS INTERNATIONAL ENERGY CONSERVATION MONTH. IT IS HOPED THAT ALL TERRITORY CITIZENS WILL LOOK CRITICALLY AT THEIR USE OF ENERGY AND PLAY AN ACTIVE ROLE IN REDUCING ANY ENERGY WASTAGE.

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