



# Powering Western Australia

**APPEA's WA  
State Election  
Platform  
February  
2021**

**The oil and gas industry is a major contributor to the Western Australian economy and to the wellbeing of all Western Australians, providing essential energy and jobs.**

**But like many industries, the sector faces significant challenges to recover from the economic impacts of the COVID-19 pandemic, as the oil price has dropped and investment dried up on both existing and new growth projects.**

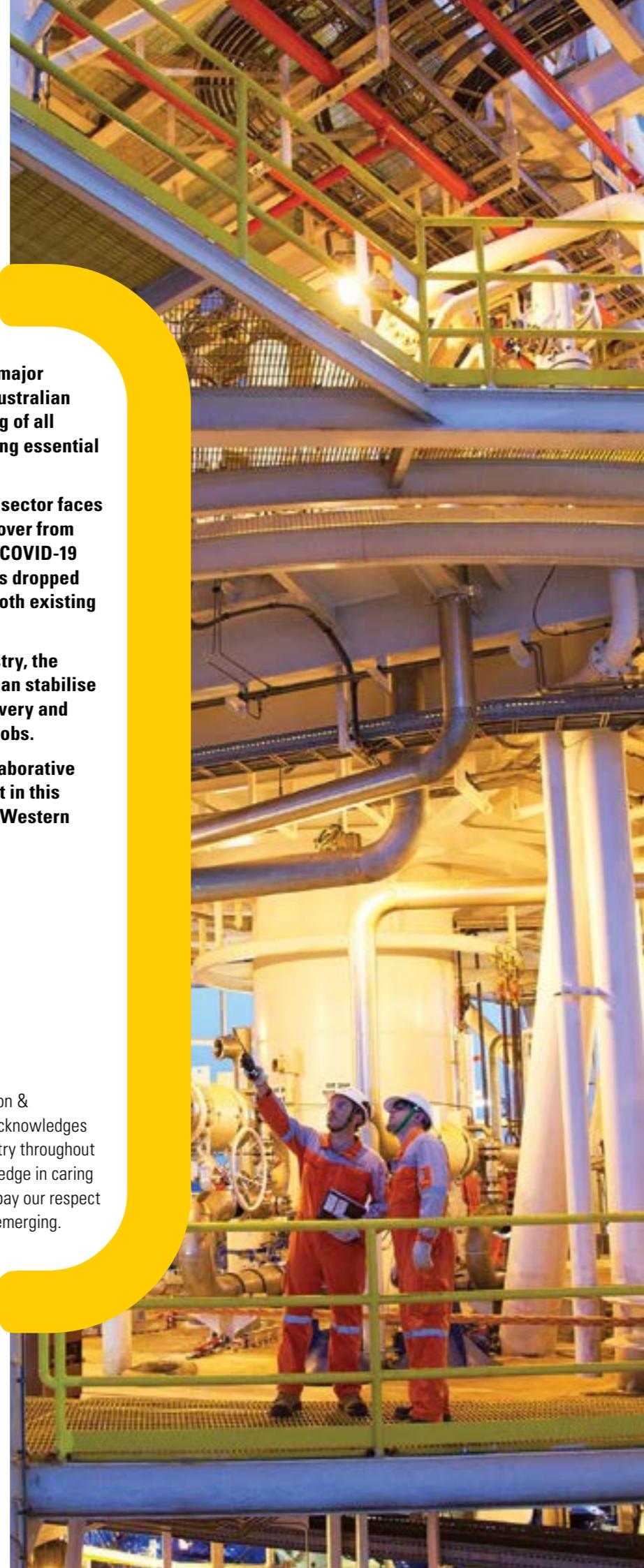
**With the full support of industry, the incoming state government can stabilise the economy, fast-track recovery and support Western Australian jobs.**

**APPEA believes that the collaborative initiatives and actions set out in this document will help keep the Western Australian economy strong.**

- **Economic recovery and attracting investment**
- **Cleaner energy future**
- **Supporting responsible onshore development**
- **Maximising local benefits**

#### Acknowledgment

The Australian Petroleum Production & Exploration Association (APPEA) acknowledges the Traditional Custodians of Country throughout Western Australia and their knowledge in caring for land, sea, and community. We pay our respect to their Elders; past, present, and emerging.



# Powering WA's recovery

 **53%**

Natural gas is the single largest energy source for Western Australia, generating more than 60% of WA's electricity<sup>1</sup> and accounting for 53% of all energy consumed in 2018–19.<sup>2</sup>

 **31%**

Natural gas powers our state economy. Mining in WA is one of the largest consumers of natural gas, accounting for 31.1% of WA's consumption of gas, while manufacturing and minerals processing accounts for 22.2% of WA's natural gas consumption.<sup>3</sup>

 **\$697 million**

In 2019–20, the industry contributed royalty payments and North West Shelf grants of more than \$697 million to the state government.<sup>4</sup>

 **\$7 billion**

The value of Western Australian oil and gas projects under construction or in the committed stage of development was almost \$7 billion in 2019–20, with \$63.4 billion worth of planned or possible projects.<sup>5</sup>

 **\$27.1 billion**

In 2019–20, Western Australian liquefied natural gas (LNG) exports were valued at \$27.1 billion.<sup>6</sup>

**#2**

Western Australia produces 13% of global LNG. If WA were its own nation, it would be the 2nd largest exporter of LNG in the world.<sup>7</sup>

## Energy for a better Australia

# Economic recovery and attracting investment

**APPEA and Western Australia's oil and gas industry have worked constructively with the Western Australian Government and Opposition to help shield the state from potentially damaging economic fallout from the COVID-19 global pandemic.**

Throughout the pandemic, industry actions have focused on the health of our workforce and the community, protecting thousands of Western Australian jobs, and maintaining essential energy supplies to our homes, businesses, hospitals, schools, manufacturers, and mines.

As the Western Australian and global economies recover from the impact of COVID-19, it will be critical that Western Australia attracts long-term business investment to grow the state's oil and gas industry which in turn will help to create local jobs, support local communities, and generate government revenues for decades to come. This can be achieved by providing an attractive, stable, and effective regulatory regime as well as ongoing engagement with industry to prevent ad hoc policy decisions. For example, the sudden changes to the WA Domestic Gas Policy in August 2020 without industry consultation could, contrary to its aim of increasing gas supplies for domestic consumers, actually reduce supply as a result of reduced investment and consequently, the state's energy security.

Western Australia has a long history of world-leading gas developments for both export and domestic gas production. Despite the impact of COVID-19 there remains significant natural gas resources to be developed, both onshore and offshore WA, providing new opportunities.

Our ability to secure the next wave of investment in oil and gas exploration and production faces intense challenges. The investment landscape is riskier, due to the impact of COVID-19 on the global oil price, and global competition for scarce mobile capital is fierce.

This means there is a heightened risk that shifting regulatory and policy settings could significantly deter long-term global investment opportunities.



IMAGE COURTESY CHEVRON

The next WA State Government should:

- Commit to consulting with industry on policies affecting its operation and development, well before they are finalised.
- Work with industry to clarify the WA Domestic Gas Policy and ensure stable policy settings that facilitate investment and responsible onshore gas development.
- Continue to progress initiatives that streamline and harmonise assessments and reduce regulatory duplication between the state and Commonwealth governments and state government agencies, such as a bilateral agreement with the Commonwealth on project environmental assessments, and the 'Environment Online' initiative for state agencies.
- Utilise existing, successful, and collaborative forums, such as the LNG Jobs Taskforce, to discuss industry issues and maximise flow-on benefits from the industry to the Western Australian economy and community.

# Cleaner energy future

Australia's oil and gas industry supports a national climate change policy that delivers greenhouse gas emissions reductions consistent with the objectives of the Paris Agreement. The policy approach should achieve emissions reductions consistent with net zero emissions across the Australian economy by 2050 as part of a contribution to a goal of global net zero emissions by 2050.

Australia's goal should be a national approach to climate policy which supports our shared environmental objectives as well as the industries that provide jobs and economic growth.

Many APPEA member companies have already committed to their own company targets for emissions reductions, including steps to achieve net zero emissions in their operations by 2050 or earlier.

Oil and gas companies are taking meaningful action by implementing effective carbon offset policies, developing new technologies to reduce emissions and improve energy efficiency, and investing in renewable energy portfolios.

Carbon offset initiatives, such as supporting savanna fire management projects and planting native trees, deliver significant environmental benefits and support jobs in remote communities. By developing carbon capture and storage (CCS) technology to prevent CO<sub>2</sub> from being released into the atmosphere, several APPEA member companies are contributing a safe, large-scale emissions abatement solution to achieve our shared climate goals.

Natural gas is a lower emissions form of energy and plays an essential role in reducing greenhouse gas emissions from WA's energy sector, industry, and households. Gas-fired generators are an essential partner to renewable energy generation to provide grid stability, as they can be rapidly started to provide baseload power whenever renewables such as wind and solar are intermittent.

Not only is natural gas supporting low-emissions energy now, but it has the potential to unlock Western Australia's cleaner energy future.

Hydrogen will be one technology contributing to decarbonising WA's energy sector and supporting local jobs over the longer term. For Western Australian natural gas producers and exporters, development of a hydrogen industry has many synergies.

The vast majority of the world's hydrogen supply today is made from natural gas using the steam methane reforming (SMR) process. When combined with measures such as offsets or CCS that manage the emissions generated during SMR, the resulting blue hydrogen has the potential for significant net emissions savings.

As a cheaper and technically achievable form of hydrogen in the short term, blue hydrogen has an important role in accelerating hydrogen adoption and infrastructure development.

The race to supply hydrogen and secure customers is becoming increasingly competitive among Australian states and territories, as well as internationally. WA has significant advantages, but to progress this technology will require leveraging the strengths of our world-class natural gas sector and the right policy and regulatory settings by state government.

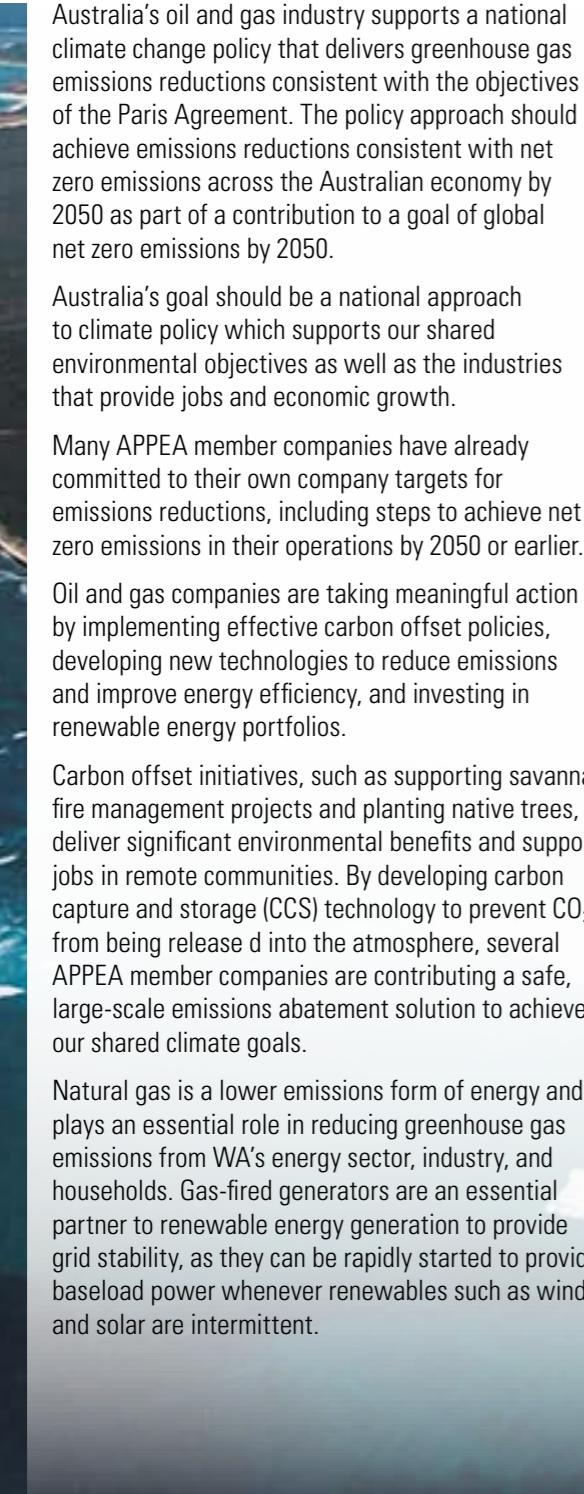
Important customer relationships, export infrastructure and supply chains developed by our LNG industry are in place and can be leveraged. Japan and South Korea are two of the largest consumers of Western Australian LNG and both nations plan to use hydrogen as a key component of meeting their emissions reduction targets.

As the world moves to a lower carbon future, Western Australian LNG and adopting lower emission technologies, including hydrogen, will also play a crucial role in assisting our international partners to meet their emissions reduction goals.

“ The oil and gas industry has a key role to play in a cleaner energy future, both in Western Australia and globally. ”

The next WA State Government should:

- Ensure whole-of-government economic, environmental, infrastructure and development policies recognise the role of natural gas as we continue to move towards a low-carbon economy.
- Recognise that emissions management requires a national approach, consistent with the objectives of the Paris Agreement, and should not be managed jurisdiction-by-jurisdiction.
- Be a proactive partner with industry and researchers on development of low emission technologies, one of which is hydrogen where WA has potential to be a leading hydrogen producer and exporter of the future.



# Supporting responsible onshore development

**The Western Australian oil and gas industry is renowned for exploration and production of large offshore reserves, but there are also significant opportunities to support jobs and regional development opportunities onshore.**

The two main areas of current interest are the Perth Basin, that spans from Bunbury to Geraldton, and the Canning Basin, that stretches across the southern and western parts of the Kimberley.

Many of these resources can be developed using conventional techniques of exploration and production, such as those at Mitsui's Waitsia development and Strike Energy's West Erregulla discovery in the Perth Basin. But some, including those in the Canning Basin, may require what is known as hydraulic fracture stimulation (HFS) to stimulate commercial gas flows.

In September 2018, the state government's Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation in Western Australia found that the international standards for onshore development and HFS, if properly executed and located, limit risks to the environment and communities to a low level. The government agreed with the 44 recommendations of the Inquiry and put in place an implementation plan to enact the required regulatory changes (without which HFS activities cannot take place).

Very few of the 20 actions of the implementation plan have been completed, when all were to be finalised by end 2020. The uncertain regulatory landscape and unknown code of practice requirements for HFS activities have deterred and delayed investment.

The Western Australian oil and gas industry looks forward to working with the incoming state government to create local jobs and support regional economic growth through responsible onshore development.

The next WA State Government should ensure any outstanding policy implementation and regulatory requirements are finalised as soon as possible, with ongoing consultation on key operational elements with industry, to support the timely and responsible development of Western Australia's onshore oil and gas industry.

**“working to create local jobs and support growth”**

# Maximising local benefits

**Oil and gas developments provide a range of benefits to WA's regional communities, from the South West to the Kimberley. Not only through the opportunity for employment, but also through supply chain contracts with local businesses and the many community investment initiatives undertaken by companies to support regional Western Australia.**

The Western Australian oil and gas industry is committed to creating more opportunities for Western Australian businesses in our suburbs and regions. The Forward Work Plans initiative, a product of the Premier's LNG Jobs Taskforce, provides a two-year look-ahead at work in the sector for local businesses to identify potential contracting opportunities. This successful initiative will be expanded to include many Tier 1 contractors to further facilitate local jobs and maximise the local benefits of the oil and gas sector.

Creating secure, local jobs is the best way to ensure shared economic prosperity. The industry supports government initiatives that make it easier for Western Australians to find jobs and be trained for future jobs in the oil and gas sector, such as the Jobs and Skills WA website.

Encouraging more Western Australians to consider a career in oil and gas will help secure a pipeline of skilled local workers, reduce the sector's reliance on a fly-in-fly-out workforce, and demonstrate support for the future of the sector.

The LNG Jobs Taskforce has also initiated a standardised training course across industry for LNG plant operators. With the skills competency framework now in place for LNG operators, and state government agreement to fund the development of essential learning materials, the industry is looking forward to launching this course in 2021.

The Western Australian oil and gas industry, working side-by-side with the state government and regional communities, is helping to drive economic and social recovery across the state.

The next WA State Government should:

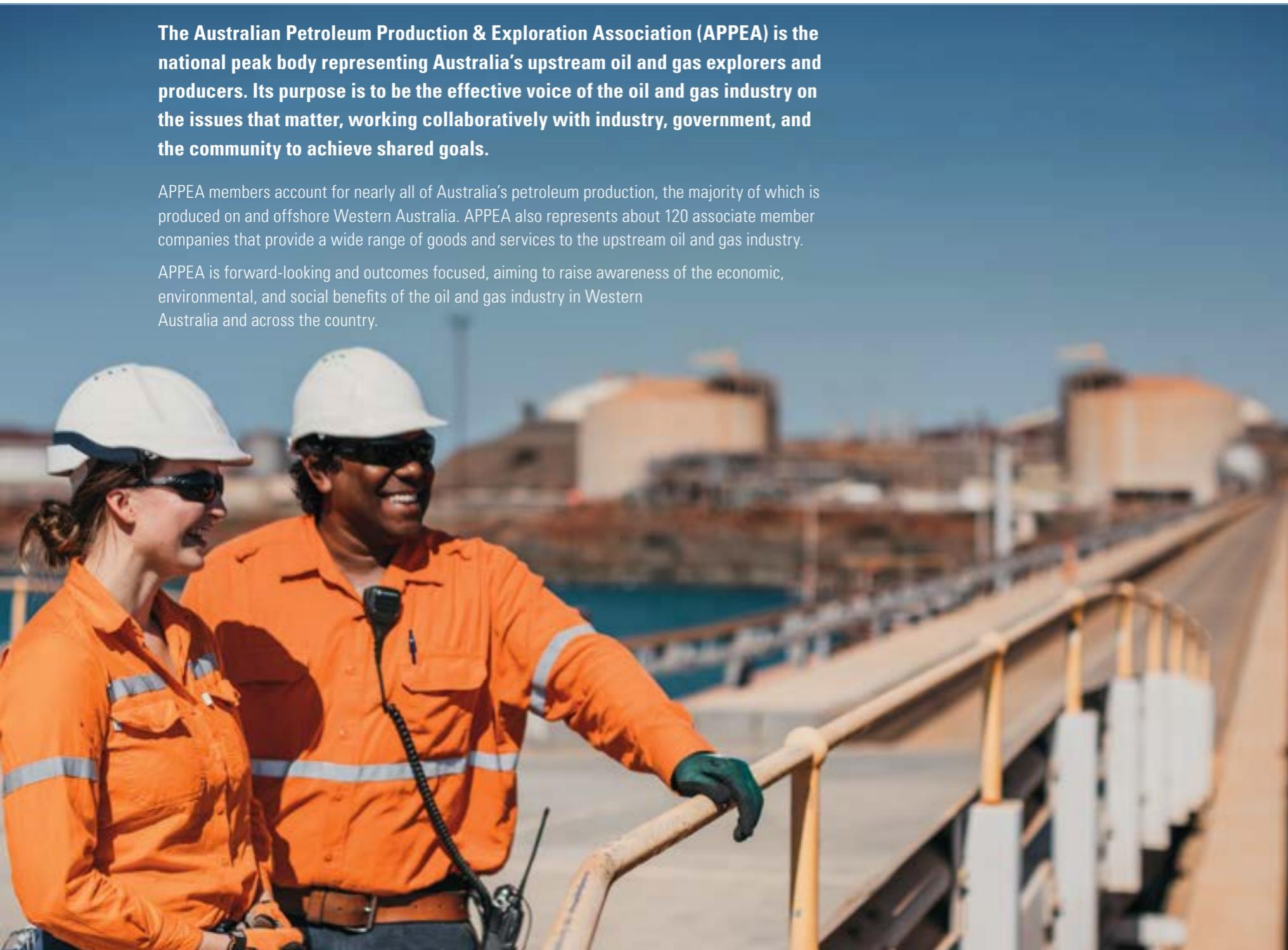
- Continue to support initiatives that maximise the local benefits of the oil and gas sector, such as Forward Work Plans.
- Continue to support initiatives that provide training opportunities in priority skills areas and demonstrate government support for the future of the sector, such as the Jobs and Skills WA website.
- Recognise that interstate fly-in-fly-out will still be required for some specialised skillsets and activities (e.g. maintenance turnarounds) which are not readily available in Western Australia in the short- to medium-term.

# About APPEA

**The Australian Petroleum Production & Exploration Association (APPEA) is the national peak body representing Australia's upstream oil and gas explorers and producers. Its purpose is to be the effective voice of the oil and gas industry on the issues that matter, working collaboratively with industry, government, and the community to achieve shared goals.**

APPEA members account for nearly all of Australia's petroleum production, the majority of which is produced on and offshore Western Australia. APPEA also represents about 120 associate member companies that provide a wide range of goods and services to the upstream oil and gas industry.

APPEA is forward-looking and outcomes focused, aiming to raise awareness of the economic, environmental, and social benefits of the oil and gas industry in Western Australia and across the country.



## Endnotes

- 1 Australia. Department of Industry, Science, Energy and Resources. (2020). *Australian Energy Update 2020, Australian Energy Statistics*. <https://www.energy.gov.au/publications/australian-energy-update-2020>.
- 2 ibid.
- 3 Australia. Australian Energy Market Operator. (2020). *2020 Western Australian Gas Statement of Opportunities*, December 2020. <https://aemo.com.au/en/energy-systems/gas/gas-forecasting-and-planning/wa-gas-statement-of-opportunities-wagoos>.
- 4 Western Australia. Department of Mines, Industry Regulation and Safety (2020). *Western Australian Mineral and Petroleum Statistics Digest 2019–20*. <https://www.dmp.wa.gov.au/About-Us-Careers/Statistics-Digest-3962.aspx>.
- 5 ibid.
- 6 Western Australia. Department of Jobs, Tourism, Science and Innovation (2020). *Western Australian Liquefied Natural Gas Profile*, October 2020.
- 7 ibid.

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