

**REGIONS RISING NATIONAL SUMMIT 2021
FUTURE-PROOFING EMPLOYMENT**

**Wednesday, 17 March 2021
Canberra, ACT**

SPEECH: APPEA CEO Andrew McConville

Thank you for having me here today, I'm proud to represent APPEA and the work of Australia's oil and gas industry in our regions.

I'd like to begin by acknowledging the Ngunnawal people who are the Traditional Custodians of this land, and pay respect to elders past, present and emerging.

Across regional Australia, Traditional Custodians work with the industry to care for land and community – we're committed to future-proofing employment for regional communities *and* indigenous people across the country.

It's a real pleasure to be with you all today, because although I live between Brisbane and Canberra, I'm a country boy at heart.

I went to school in Armidale, studied Agricultural Economics at the University of New England, and – don't tell my colleagues back in Brisbane – even played rugby for NSW Country.

And my brother Dave, farms just an hour up the road from here.

Regional Australia is in my blood. And it's no accident that I've found myself working in oil and gas, because regional Australia is in the industry's DNA.

From Toowoomba to Tennant Creek, Gladstone to Geraldton, Katherine to the Kimberly – Australia’s oil and gas industry is underpinned by the regional towns and communities in which we operate.

The industry is proud to create regional jobs and opportunities through direct employment, local supplier contracts and investment in regional infrastructure.

Across the country, the industry employs 80,000 people – directly and indirectly – many of whom live in regional centres and contribute to the economic growth of our regions.

The industry’s investment in rural and regional towns is helping to create stronger, more resilient local communities.

And by working with communities, farmers and pastoralists – something I’m passionate about, having spent most of my career in the agricultural sector – we’re diversifying regional economies and helping everyone to thrive.

Now, I promise I’m not going to spend this entire speech beating my chest about the oil and gas industry– I will turn to focus on the future, and the ways we can ensure long-term, sustainable investment in our regional communities.

But it would be remiss not to mention some key facts about the oil and gas industry’s economic contribution to our country:

1. In Western Australia in 2019-20, \$679 million was paid in State royalties that contribute to our schools, hospitals, infrastructure programs and emergency responses.
2. In Queensland over the same period, the oil and gas industry spent \$3.8 billion on Queensland goods and services as well as community contributions, benefiting thousands of regional businesses and organisations. In the last decade, more than \$600 million has been paid tax free to farmers for land access arrangements.

3. In the Northern Territory more than 1,100 Territory businesses have secured contracts or purchase orders with oil and gas companies, while some \$2.6 billion will flow to the government as tax revenue from the industry.
4. And LNG is Australia's second largest export – after iron ore – with export revenue projected to be \$31 billion in 2020-21. That means more royalties, more local suppliers and more wages in the pockets of local workers – who in turn spend their money in local communities.

The significance of the oil and gas industry, and the direct benefits to regional communities, simply cannot be overstated.

Every job in the oil and gas industry indirectly supports 10 other jobs in the Australian economy – significantly more than the 1.9 jobs that the average industry supports.

But for the industry to continue to contribute to our rural and regional communities, Australian governments need to do three things:

1. Secure long-term business investment with the right policy settings
2. Support responsible onshore development; and
3. Invest in the technological advancements that will deliver a cleaner energy future for decades to come.

LONG-TERM BUSINESS INVESTMENT

The Australian Government's 'gas fired recovery' is an **important first step to encourage investment in new projects** - committing to support new development in gas basins in the Northern Territory, Queensland and we hope, WA.

Australia has world-class resources reserves and developing these basins along existing reserves in regions like Gippsland, the Otways, the Cooper and Surat and Narrabri, is critical to the enduring supply challenge Australia faces and to the continued growth of our regional communities.

But more action is needed. Kickstarting investment and future-proofing jobs requires a supportive policy environment that can attract investment over the long-term.

APPEA is very active in this space. Rather than jump up and down and make demands, when we work with Government, we see it as our role to be part of the solution.

That's why we've identified four areas where policy action is needed to stabilise the industry, fast-track recovery and facilitate the investment needed to create regional jobs and recharge industries back to growth:

1. Around fiscal settings.
2. Streamlining and reducing red and green regulation.
3. Encouraging exploration.
4. And allowing markets to work.

RESPONSIBLE ONSHORE DEVELOPMENT

This brings me to my second key focus to future-proof employment in regional Australia: **supporting responsible onshore development.**

The onshore gas industry makes a significant contribution to regional economies through direct jobs, local contracts, and community investment.

Look at Arrow Energy in Queensland, who will employ 1,000 people over the life of their project in the Surat Basin, provide grants to local organisations and sponsor major local events like the Big Skies Festival and Chinchilla Melonfest – which, can I just say, sounds delicious.

Or look at Senex in the same area – working with local contractors, partnering with local motels and relying on local cafes to supply lunch packs to drilling rig crews.

Or Beach energy in South Australia who are supporting the royal flying doctors to provide vital health services for remote communities.

Or Mitsui in mid-west WA, who are sponsoring the local TAFE, local schools, the fire brigade, the footy club and a number of important regional events.

I could go on and on.

Beyond the direct jobs and investment in rural and regional towns, onshore gas powers our regional hospitals, schools, mines, manufacturers and transport sectors.

And when regulated effectively and managed professionally, onshore development is safe.

Now I understand the cynicism. I know some people are going to tell me to “frack off”.

But don’t take my word for it.

Trust Dr Mary O’Kane, the former NSW Chief Scientist and Engineer.

Or Dr Tom Hatton, chair of the Western Australian Environmental Protection Agency.

Or the Honourable Justice Rachel Pepper in the Northern Territory.

These independent professionals – alongside scores of others in recent history – have found that responsible onshore development is of low risk to our communities, to our water supplies, and to our unique Australian wildlife.

Responsible onshore development presents a significant opportunity to create jobs and develop our regional communities.

But that is the key word: responsible.

The oil and gas industry understands the importance of being responsible, not just in how we manage the environmental impacts of onshore development, but in how we work with regional communities and landowners.

As someone who’s grown up in regional NSW and spent most of my working life in agriculture, it’s something I know well.

In Australia’s most prosperous regions, agriculture has long been the economic partner to the industry.

And so I talk to our members about the practice of being a good neighbour. Forging agreements. Building strong relationships. Listening. Collaborating.

Landholders hosting natural gas infrastructure receive a significant new financial stream that isn’t dependent on weather and agricultural

commodity price cycles, and they can also benefit from upgraded farm infrastructure and low-cost water.

So responsible onshore gas development isn't just future-proofing jobs in *our* industry, but in other industries important to regional Australia.

TECHNOLOGICAL ADVANCEMENTS

I've just outlined two focus areas to future-proof employment in regional Australia – long-term investment and responsible onshore development.

The final focus area might surprise some people.

It's how the oil and gas industry can create and sustain jobs in a cleaner energy future.

Gas will play a central and long-term role as Australia transitions to a lower-emissions economy.

The Australian Government's *Emissions Reduction Technology Investment Roadmap* has prioritised the development and commercialisation of carbon capture and storage and hydrogen to help reduce the country's greenhouse emissions.

Government research shows that large-scale deployment of technologies such as carbon capture and storage will avoid in the order of 250 million tonnes of emissions in Australia by 2040.

The prioritisation of these technologies for emissions reduction recognises that natural gas can achieve large-scale emissions abatement while creating sustainable jobs and delivering significant economic opportunity for Australia.

As a lower emissions fuel, increasing natural gas in electricity generation would reduce the emissions intensity of electricity generation.

Natural gas also has the right characteristics to make it the ideal complement to renewable energy sources.

When the wind doesn't blow or the sun doesn't shine, or in periods of peak demand, natural gas-fired generators can be easily and quickly ramped up to meet demand and ensure grid stability.

CONCLUSION

Friends, my key message today is that the oil and gas industry and regional Australian communities are important partners.

It's a symbiotic relationship: one based on respect and understanding and on investing in the community – financially, environmentally and socially.

A relationship that creates jobs, opportunities, and stronger local economies.

By focusing on the three key areas I mentioned today – long-term investment, responsible onshore development and technological advancements for a cleaner energy future – I believe the industry can continue to create, sustain and future-proof regional jobs long into the future.

Thanks for your time today, I look forward to the Q&A.