



Social
Licence
Report

**Australia's
oil and gas
industry**



appea

Industry overview

Australia's oil and gas industry recognises the importance of consistently building and securing its social licence to operate in Australia.

Creating jobs and delivering reliable energy isn't enough. The industry must be active partners with all Australians: investing in communities, creating opportunities, responding to community expectations and, ultimately, building trust across our suburbs and our regions.

Through this inaugural *Social Licence Report May 2021*, APPEA aims to demonstrate the work the industry is doing to secure the trust of the Australian community.

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. APPEA also represents about 140 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 across Australia.

Acknowledgement

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



80,000

Australia's oil and gas industry supports 80,000 direct and indirect jobs.

\$6.3 billion

In 2018 Australia recorded a \$6.3 billion surplus in the trade of oil and gas, with total exports exceeding \$40 billion and in 2019 Australia became the largest exporter of LNG in the world.

\$473 billion

From 2010 to 2020, the industry invested an estimated \$473 billion into the Australian economy through new project construction and development.¹

\$5.85 billion

In 2018–19 the industry made tax payments of \$5.85 billion and has paid more than \$66 billion over the decade to 2018–19.

24%

Natural gas provides almost 24% of Australia's primary energy and almost one third of all gas consumed in Australia is used by manufacturers.

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COVER PHOTO: 'FINDING A HAPPY SPOT'
COURTESY MARTIN HELLER, MITSUI E&P AUSTRALIA PTY LTD

Energy for a better Australia

Community sentiment

PHOTO: 'JOURNEY' COURTESY ROGER XIANG, MITSUBI E&P AUSTRALIA

APPEA and its members are committed to maintaining and improving Australian public support for the ongoing operation of the oil and gas industry.

This includes understanding the broader sentiment of the community, their ambitions and concerns and how the industry contributes to their lives.

Research undertaken over the past two and a half years, and most recently in April 2021,² consistently shows Australians cite employment and jobs (45%) and climate change (31%) as among their top three issues of importance. There has been an understandable spike in health (39%) as an issue over the past 18 months.

In this context, the industry's role as a major contributor to the economy, its reliability and as a driver of a clean energy future puts it in strong stead among the community. Support for Australia's oil and gas industry at (47%) is almost two and a half times higher than opposition (19%); and strong opposition such as that from activists sits at just 7% of Australians.

There is also extremely strong support for the role of natural gas in Australia's future energy mix, with more than 70% in agreement, and natural gas is seen as the second cleanest energy source after renewables, significantly ahead of nuclear and coal sources.

Economically, the community is most interested in the contribution of the industry back to their community and local economies, supply chain benefits and attracting global capital to achieve these outcomes.

Although gas is best known for household uses such as cooking and heating, recent communications efforts have seen increased recognition of, and appreciation for, its role in manufacturing, industry and also as a feedstock for hydrogen.

APPEA is also ensuring that independent, balanced information is available to community members who wish to know more. Although community opposition to the industry remains low at 7%, we have identified our environmental and co-existence credentials as key to further engagement.



Community investment

APPEA members aim to be a trusted partner of the communities in which they operate so that all can benefit from the development of Australia's natural resources.

From Toowoomba to Tennant Creek, Gladstone to Geraldton, Katherine to the Kimberly—Australia's oil and gas industry is committed to delivering positive outcomes and building strong communities across the country.

Oil and gas activity provides a wide range of benefits to local Australian communities, not only through the opportunity for employment or the many community investment initiatives, but also through direct investment in infrastructure undertaken by companies to support regional and remote Australian communities.

CASE STUDY 1:

Shell

Shell has been a part of the Western Downs and Gladstone regions in Queensland for more than a decade. Every year, Shell's Communities Fund and Community Events Program provides grants of between \$20,000 and \$100,000 to community-based initiatives or events that build a strong and thriving region.

Over \$58 million has been invested in supporting community partnerships in regional Queensland.

CASE STUDY 2:

Beach Energy

In 2020, the Timboon P-12 School in south west Victoria received support from Beach Energy to build a new STEAM lab with specialised equipment. By sparking curiosity and an interest in science, technology, engineering, the arts and mathematics, Beach Energy is helping students to develop problem-solving skills and learn to collaborate with their classmates.

CASE STUDY 3:

Woodside

Over 10 years, the Woodside Development Fund has committed \$20 million to support programs and organisations working to decrease developmental vulnerability and improve outcomes for children aged birth to eight years. The fund has supported more than 1,600 families with their children's early learning needs and partnered with organisations like Ngala, Telethon Kids Institute, and the Secretariat for National Aboriginal and Islander Child Care (SNAICC) among many others.

In 2020, Woodside launched a new community grants program in the City of Karratha to support the sporting clubs and not-for-profit organisations that play a vital role in maintaining the health and wellbeing of the local community.

CASE STUDY 4:

Chevron

Chevron has partnered with Telethon Speech & Hearing since 2011 to develop a best practice model of ear care health for the Pilbara, preventing middle ear disease and improving child health.

Since the partnership began, over 10,000 screenings have been conducted at the Chevron Pilbara Ear Health Program. The number of Aboriginal children under the age of seven affected by middle ear diseases in the Pilbara has dropped from 51% to 33%.

Through this partnership, Chevron is helping children with speech, language or hearing impairments learn to listen and speak, ultimately improving their school readiness and learning outcomes.



PHOTO: 'BRINGING THE JOY OF MUSIC WITH THE WESTERN DOWN' COURTESY TONI DUGDALE, ORIGIN ENERGY

Creating jobs...

For more than 60 years, the Australian oil and gas industry has been creating local jobs, delivering training opportunities, and engaging local suppliers and small businesses to drive our nation's economy.

Oil and gas companies rely on Australian businesses to provide goods and services that support their operations across the supply chain, and almost half of these are small businesses. Beyond the direct jobs created by the oil and gas industry, it also helps to sustain manufacturing, construction, technology, transportation, accounting, legal and other industries across the economy.

The industry partners with universities, manufacturers, farmers, pastoralists, Traditional Owners and the fishing industry to diversify Australia's economy and create a brighter future.

Australia's oil and gas industry is committed to creating more local opportunities for Australians—particularly Indigenous Australians and regional communities—for decades to come.

and opportunities



PHOTO: SOLITARY COURTESY ROGER XIANG, MITSUBISHI E&P AUSTRALIA



80,000

Australia's oil and gas industry supports 80,000 direct and indirect jobs.



100

Since December 2012, there have been 100 gas supply agreements and other commercial agreements successfully negotiated to supply reliable gas to consumers, including local manufacturers.



47%

Almost half of all local suppliers engaged by the oil and gas industry are small businesses.³



66%

The oil and gas industry spends 66% of its expenditure on small businesses in construction services in regional and remote Australia.⁵



86%

Small businesses in transport support services in regional and remote Australia make up 86% of the local oil and gas spend.⁴

Creating jobs and opportunities

CASE STUDY 1:

TSBE

The Toowoomba and Surat Basin Enterprise (TSBE) has been linking local businesses to oil and gas opportunities in the region for a decade.

“Our region is a success story on how business communities and gas can work together,” said Ali Davenport, TSBE CEO.

In the Darling Downs region alone, the resource sector has contributed over \$1.8 billion to the gross regional product in the 2018–19 financial year and over 9,283 full time jobs which was 8% of the region’s total employment. The flow-on benefits of this included a value add of \$907 million of local spending with much of this in local businesses.

The oil and gas industry brings significant value to local communities, creating jobs and building local capability. In Toowoomba and Surat Basin, and throughout the country, the industry is committed to building positive relationships and supporting local economic sustainability.

CASE STUDY 2:

Santos

Santos provides a range of employment pathways for local Indigenous people and have created over 800 employment and training opportunities for Indigenous Australians in the last 10 years. Since 2007, Santos has invested \$11 million in delivering school based and full-time traineeships, apprenticeships, undergraduate and full-time cadetships and careers for Indigenous Australians across its operations.

Santos also supports the West Arnhem Land Fire Abatement project (WALFA), in which Indigenous rangers conduct strategic fire management to lessen the impact of bigger, hotter fires in the pristine environment of Arnhem Land. Far beyond its original goal to produce carbon offsets, the revenue from this 15-year project has helped the five Aboriginal ranger groups employ more Traditional Owners on country, strengthen and expand the vital work they do, and invest in community-identified priorities.

In response to the COVID-19 pandemic, Santos donated over \$175,000 to schools and community organisations across the country to provide support. This included \$31,000 to support local jobs and regional small businesses through three local economic rebuilding initiatives: Exmouth Chamber of Commerce ‘Santos Business Revitalisation Program’, ‘Visit Roma’ tourism campaign, Commerce Roma ‘Shop Local Campaign’ and Gladstone Engineering Alliance virtual small business event.

CASE STUDY 3:

Origin

Origin Energy actively engages with regional and Indigenous businesses, which are predominantly small and medium businesses operating in regional Australia. In the half-year ending 31 December 2018, Origin spent \$126 million on regional procurement.

According to Liz Adams, a Senior Manager at Origin Energy, “We actively seek to engage local or Indigenous businesses to supply goods and services and have had success in areas such as civil work and maintenance, security, uniforms, catering and stationery.” Australian oil and gas companies know that consulting with, or procuring from, regional or Indigenous businesses strengthen their ties to the community.

During the COVID-19 pandemic, Origin accelerated standard payment terms for small business suppliers from 30 to 14 days for six months. This benefited approximately 1,400 Australian small businesses that supply goods and services to Origin.

CASE STUDY 4:

Senex

Natural gas from Senex’s Atlas acreage is powering the kilns that make building products found in 90% of Australian homes.

Australian manufacturer CSR uses the gas supplied via Wallumbilla Gas Hub in its three south-east Queensland manufacturing plants that employ 260 people at Brendale, Coopers Plains and Oxley.

Gas from Senex is helping to build over 150,000 Australian homes a year using CSR building products while supporting local manufacturing, jobs and investment.

CASE STUDY 5:

Woodside

In 2020, 60 new Karratha-based apprentices and trainees commenced at Woodside’s Karratha Production Training Academy. Of these, 49% were women, supporting increased diversity in the industry’s workforce. Through dedicated effort by the Academy, Woodside adapted or deferred training and apprentice programs in response to COVID-19; 14 operations trainees from the 2018 intake successfully transitioned to their workforce.

CASE STUDY 6:

Chevron

More than 90% of Chevron Australia’s current operations spend is with Australian businesses. To support Chevron’s thousands of local suppliers—and therefore local jobs—they have recently committed to 30-day payment terms to suppliers with annual turnover up to \$25 million. This supports those small and medium businesses’ cashflows to relieve stress while allowing them to expand and employ more people.



Emissions reduction

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

APPEA supports a national climate change policy that delivers greenhouse gas emissions reductions, consistent with the objectives of the Paris Agreement. Australia's goal should be an approach to climate policy that is national, consistent with the objectives of the Paris Agreement and which supports the environmental objectives and industries that provide jobs and economic growth. These are not competing goals but need to be aligned if outcomes are to be sustainable.

Policies 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.

The role of natural gas in reducing greenhouse gas emissions

Natural gas has an essential role to play in reducing emissions, as a cleaner and lower emissions fuel compared to coal.

Gas-fired generators can be rapidly started, making them the perfect complement to intermittent renewable energy that requires 'on call' electricity generation to manage falls in renewable output or peaks in demand. As more renewable energy is integrated into the grid, this balancing role becomes more critical.

The industry also works to accelerate the development of low emissions technologies like carbon capture and storage and hydrogen. Natural gas can provide a fuel source for hydrogen which, combined with carbon capture and storage, can offer a carbon-neutral product.

Australia's upstream oil and gas industry is well placed to assist in the development of a large-scale commercial hydrogen industry by using gas infrastructure to process and transport

hydrogen. Australia's LNG export success story means the Australian upstream oil and gas industry has the technology, expertise, commercial and trade relationships to make hydrogen exports a reality.

Developing a local hydrogen industry could enable lower emissions both in Australia and internationally, reduce energy costs, deliver energy security, and create new employment and manufacturing opportunities.

Exporting gas as liquefied natural gas (LNG) also assists our Asian trading partners to reduce their emissions and has the potential to lower emissions in these LNG importing countries by around 170 Mt CO₂-e by providing an alternative to higher emissions fuels.⁶

Oil and gas companies across Australia are taking considerable action to reduce emissions, minimise the emissions profile of facilities and offset emissions.

Emissions reduction

CASE STUDY 1:

Santos

Santos is expecting a Final Investment Decision for the Moomba carbon capture and storage (CCS) project in South Australia in the second half of 2021.

The project proposes to capture the 1.7 million tonnes of CO₂ currently separated from natural gas at the Moomba gas processing plant each year and to reinject it into the same geological formations that have safely and permanently held oil and gas in place for tens of millions of years. The initial Moomba CCS project would support around 230 new local jobs through construction and sustain thousands more over the project's operational life.

With the right policy settings and incentives to accelerate CCS deployment, the Cooper Basin could become a large-scale, commercial CCS hub capturing emissions not only from oil and gas, but from other industries such as power generation, steel, cement and chemicals. Ultimately, the project has the potential to store up to 20 million tonnes of CO₂ per annum.

The project is also attracting interest from Japanese and Korean customers who could ship their CO₂ to Australia for permanent storage in the future.

Santos' Moomba CCS project will create jobs and cut emissions.

CASE STUDY 2:

Woodside

Woodside has invested more than \$100 million over the past decade to develop its own carbon offset project as part of Pluto LNG. This saw the planting of more than 40 million Australian blue mallee trees across more than 17,000 hectares of Western Australia, including 2,400 hectares in 2020 alone.

Since 2008, these plantations have sequestered over 850,000 tonnes of CO₂.

CASE STUDY 3:

Cooper

Cooper Energy is Australia's first carbon neutral domestic gas production company.

To achieve net zero carbon emissions in 2020, Cooper Energy partnered with Greening Australia's Biodiverse Carbon and committed to the Coorong Biodiversity Project in the south-east of South Australia.

The project is a registered Emissions Reduction Fund project and provides meaningful benefits to landholders, biodiversity and water quality. The project includes reforestation and restoration of over 600 hectares of native vegetation and wildlife habitat, including large areas of subcoastal wetlands, Mallee and woodlands on the shores of the Coorong National Park.

The Coorong Biodiversity Project alone generates sufficient carbon offset credits for Cooper Energy to fully offset their FY20 emissions. These consist of 10,022 tonnes of CO₂ equivalent, including Scope 1 direct emissions, Scope 2 emissions associated with purchased electricity and controllable Scope 3 emissions arising from embedded energy and business travel.

CASE STUDY 4:

INPEX

The Ichthys LNG Project has agreements with the Indigenous Land and Sea Corporation (ILSC) and Perpetual Trustees to deliver a savannah fire management program in the Northern Territory.

This \$34 million program will fund the development, establishment and operation of individual fire management projects on indigenous held land.

In addition to generating Australian Carbon Credit Units (ACCUs), it is aimed at providing positive social, economic, cultural and environmental outcomes.

PHOTO: 'AFTER THE RAINS' COURTESY TONI DUGDALE, ORIGIN ENERGY

Environment and research

Oil and gas companies are committed to land and marine use co-existence, preserving biodiversity and protecting native wildlife.

Australia's industry contributes significantly to our collective scientific knowledge of the environment around us, which helps to deliver best-practice environmental stewardship of land and sea.

The overall aim of co-existence is simple: to be good neighbours to local fishers, pastoralists, farmers and other land and marine users. The industry is committed to working with all industries and communities to protect our unique environment and share its benefits.



PHOTO: 'RESTOCKING GILL WEIR FOR THE FUTURE' COURTESY TONI DUGDALE, ORIGIN ENERGY

 **5,711**
Landowners and gas companies in Queensland have entered into 5,711 land access agreements up to 30 June 2017.

\$\$ > \$45 million

Since 2008, the industry has spent more than \$45 million on marine seismic research to protect our marine life and contribute to our scientific knowledge.

 **3,800**
There are approximately 3,800 wells drilled offshore in Australia.

The oil and gas industry has been operating offshore in Australia for 55 years. **Y55**

 **40%**
Australia is home to over 3 million km² of marine protected areas, with more than 40% of our waters protected.⁷

Environment and research

CASE STUDY 1:

BHP Artificial Reef

King Reef, located approximately six nautical miles off the coast of Exmouth, Western Australia, is the largest and fastest developing purpose-built artificial reef in the Southern Hemisphere.

In mid-2018, six large steel structures from BHP's Griffin oil and gas facility, were decommissioned, cleaned, and repurposed for deployment in the Exmouth Gulf. The 49 concrete modules of the steel structures form the two-acre King Reef, which now boasts more than 27,000 cubic metres of underwater habitat.

More than 50 species of fish have been sighted around the reef, which is great news for biodiversity as well as recreational fishers. Fishingworld.com.au states over \$1.8 billion is spent on recreational fishing trips each year in Australia, with the artificial reef ensuring more of that revenue goes to the community in Exmouth.

Additionally, BHP have announced their funding of the Reef Vision citizen science program. The program entails locals deploying cameras from their own vessel onto the reef to capture video of local fish species, which is then collected and used for scientific cataloguing purposes.

CASE STUDY 2:

Woodside

To better understand the potential value of subsea infrastructure as habitat for invertebrates, fish and fisheries, Woodside collaborated with The University of Western Australia and Australian Institute of Marine Science to undertake numerous scientific studies. This research assessed the biodiversity, fish abundance and fisheries value of Woodside-operated existing offshore infrastructure including infield pipelines, trunklines, wellheads and offshore platforms on the North West Shelf (NWS).

The research increased our knowledge of the ecosystems of the NWS and the role offshore infrastructure plays in marine habitat and fisheries habitat creation. Woodside has used these studies to inform and support assessments of decommissioning options for subsea infrastructure.

Significantly, the research has resulted in numerous peer reviewed scientific articles being published in international journals. The articles highlight that there is an abundance and diversity of species that exist on NWS infrastructure, particularly commercially significant fish species such as red emperor and gold-band snapper. In addition, rare and highly-protected species like whale sharks and sawfish are resident or regularly visit this infrastructure.

CASE STUDY 3:

QLD Farmers

Over the past decade, Australian gas companies have negotiated nearly 6,000 land access agreements with farmers in Queensland alone, representing a direct injection of \$50 billion into the state economy since 2011.

Farmers who allow access to natural gas works are protected as part of these agreements, subject to stringent terms that benefit all parties. The close tie between these crucial sectors has boosted farm infrastructure with minimal environmental impact, returning hundreds of millions of dollars and more than 66,000 gegalitres of water supply to our nation's farmers for irrigation and other purposes.

CASE STUDY 4:

CSIRO partnerships

As the leading voice of scientific research in Australia, the Commonwealth Scientific and Industrial Research Organisation (CSIRO) has made substantial efforts to better understand our extensive marine environments. One of the last great oceanic unknowns is the Great Australian Bight.

CSIRO has filled in important knowledge gaps in this important region through funding from Chevron and a partnership with the University of Adelaide. The Great Australian Bight Deepwater Marine Program seeks to provide a better understanding of the geology, seafloor habitats, and ecological communities in the Bight.

This isn't the first time the natural gas industry has assisted in

researching the Great Australian Bight. Over four years, from 2013–2017, BP partnered with CSIRO, the South Australian Research and Development Institute, the University of Adelaide, and Flinders University to conduct the Great Australian Bight Research Program. The research sought to provide a holistic understanding of the Bight, studying both the environment and the people who live and work in the region.

The study found hundreds of new flora and fauna species, set up a tagging program for Bluefin Tuna (one of Australia's most valuable fish), and discovered that communities around the Bight are supportive of environmentally sound economic development.

Social licence activity



Brighter is part of the Australian gas industry's commitment to better informing and engaging the broader community. The campaign aims to build the industry's social licence by promoting the important role of gas in Australians' everyday life.

Brighter highlights how the oil and gas industry supports jobs, regional communities and other crucial industries like manufacturing. The campaign also promotes the role of gas as an essential partner to emerging renewable technologies to ensure energy reliability and reduce emissions.

Brighter reaches millions of Australians through earned media, digital platforms, engagement campaigns and advertising. It joins with stakeholders, industry partners and civic groups to reach communities and support local events—such as Rotary Australia Day BBQs, Royal Shows as well as other community events and awards—across the country.



Energy Information Australia provides factual, evidence-based information about Australia's oil and gas industry.

Funded by APPEA, Energy Information Australia only draws on independent scientific reports, studies and evidence to provide publicly available information about industry issues.

From explainers to downloadable fact sheets, research and regulation summaries to graphics, this initiative is focused on providing accurate and credible information that contributes to our public discourse.

See for yourself at energyinformationaustralia.com.au.

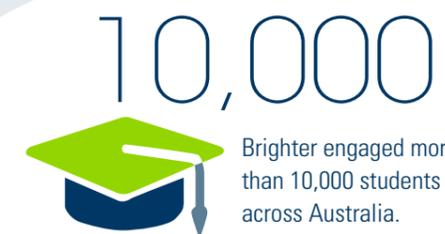




PHOTO: HELICOPTERS IN THE HANGAR, COURTESY BRODIE BASTERFIELD, OCEANENGINEING AUSTRALIA

The Australian natural gas industry operates in many of the country's most picturesque areas, as well as some of our major cities and smallest towns. Some of the imagery used in this report was provided from APPEA's member companies, through our In.Site Photographic Competition. In.Site showcases the strong and constantly growing relationship between the natural gas industry, the communities and the environments—both urban and rural—we operate within.

Endnotes

- 1 Wood Mackenzie (March 2020), 'Australia Oil & Gas Industry Outlook Report', <https://appea.com.au/wp-content/uploads/2020/06/Australia-Oil-and-Gas-Industry-OutlookReport.pdf>.
- 2 JWS Research, November 2019–April 2021.
- 3 <https://www2.deloitte.com/au/en/pages/economics/articles/role-small-businesses-Australias-oil-gas-industry.html>.
- 4 *ibid.*
- 5 *ibid.*
- 6 *Australia's emissions projections 2020*, Australian Government Department of Industry, Science, Energy and Resources.
- 7 UNEP-WCMC (2021). Protected Area Profile for Australia from the World Database of Protected Areas, May 2021. Available at: www.protectedplanet.net.



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