

29 September 2021Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600Via email to economics.sen@aph.gov.au**RE: SUPPLEMENTARY SUBMISSION: RESPONSES TO QUESTIONS ON NOTICE
SENATE STANDING COMMITTEE ON ECONOMICS (REFERENCES) INQUIRY INTO
AUSTRALIA'S OIL AND GAS RESERVES**

Thank you for the opportunity to present to the inquiry into Australia's oil and gas reserves on 27 August 2021. I write today to respond to the questions taken on notice at the hearing.

RESPONSES TO QUESTIONS ON NOTICE**Question 1: APPEA's membership**

At the hearing of 27 August 2021, Senator Rex Patrick asked how many of the Australian Petroleum Production & Exploration Association's (APPEA) full members are Australian based subsidiaries of foreign companies. The answer is 23.

Questions 2 and 3: Sensitivity of NOPTA's reports

Senator Patrick asked what data in the National Offshore Petroleum Titles Administrator's (NOPTA) monthly production reports would be considered sensitive and whether the report is made available in overseas jurisdictions. APPEA suggests these questions are best directed to NOPTA.

Question 4: Industry expenditure to Australian suppliers

Senator Patrick asked how much of the investment into exploration and infrastructure development over the past decade has been spent in Australia or to Australian suppliers.

All of the \$473 billion of investment over the past 10 years was made into Australia. While APPEA does not have estimates on the percentage of expenditure made to Australian suppliers, the industry is committed to maximising the benefits of all our local operations. We aim to build sustainable communities by creating local jobs, supporting local businesses and providing opportunities to regional and Indigenous Australian workers. Industry case studies highlighting regional suppliers and local employment opportunities can be found in APPEA's *Local Content Report*¹.

¹ Available at: www.appea.com.au/wp-content/uploads/2021/09/APPEA_LocalContentReport_FINAL_High-res.pdf.

Please refer to the *Wood Mackenzie Australia Oil & Gas Industry Outlook Report*² for more information about the industry's investment into Australia.

Question 5: Industry investment breakdown

Senator Patrick asked for a summary of how much investment is associated with exploration and how much is associated with infrastructure development.

Although APPEA does not gather this investment breakdown from members, the Australian Bureau of Statistics releases quarterly statistics on mineral and petroleum exploration expenditure by private organisations in Australia³.

The data shows that over the past 10 years, approximately \$25 billion was spent on petroleum exploration. Therefore, approximately \$448 billion (or 94.7 per cent) was spent on infrastructure.

Question 6: Industry employment breakdown

Senator Patrick asked in what areas of the industry oil and gas employees are employed.

APPEA does not collect this data and suggests the committee contact the Australian Resources & Energy Group AMMA for this information.

Question 7: Financial Survey results

Senator Patrick asked for the results from APPEA's financial survey over 33 years to be presented by each jurisdiction and categorised by the type of tax or royalty paid. The Senator also asked for an annual cash flow diagram over the 33 years.

APPEA does not request data disaggregated to this level. We observe that data about state royalties can be found in each state/territory budget and MYEFO documents, whilst data about PRRT can be found in the Federal Government budget and MYEFO documents in addition to data that is published by the ATO as part of the mandated transparency reporting.

With respect to cash flow diagram, APPEA does not collect specific project data. However, from information publicly available we are able to provide indicative information consistent with diagram 1 of our 2019 Submission to the committee which is provided below:

² Available at: appea.com.au/wp-content/uploads/2020/06/Australia-Oil-and-Gas-Industry-Outlook-Report.pdf.

³ Australian Bureau of Statistics (2021), *Mineral and Petroleum Exploration, Australia*, www.abs.gov.au/statistics/industry/mining/mineral-and-petroleum-exploration-australia/latest-release#petroleum-exploration.

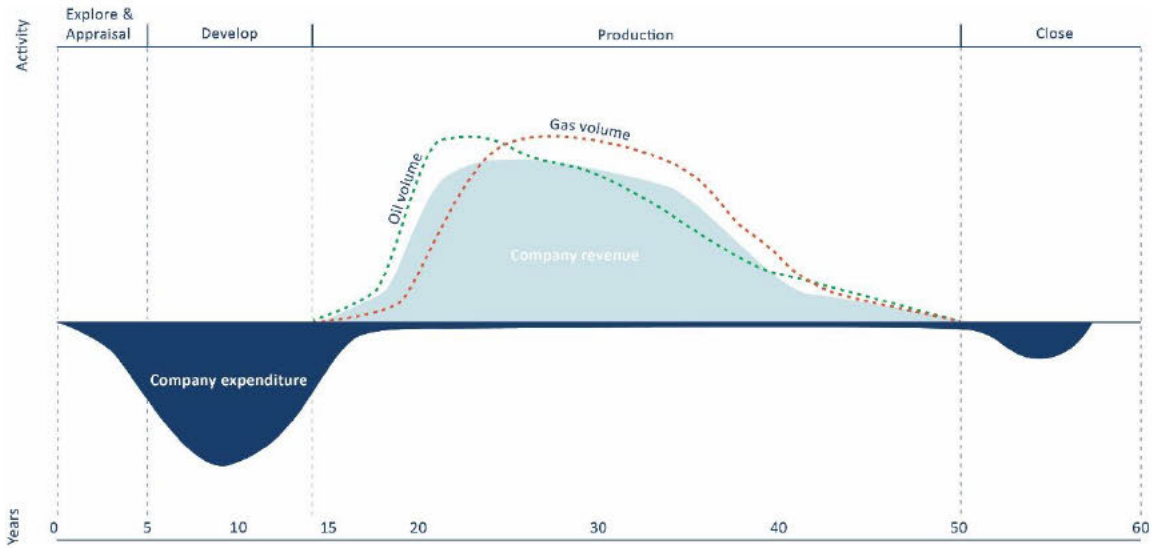
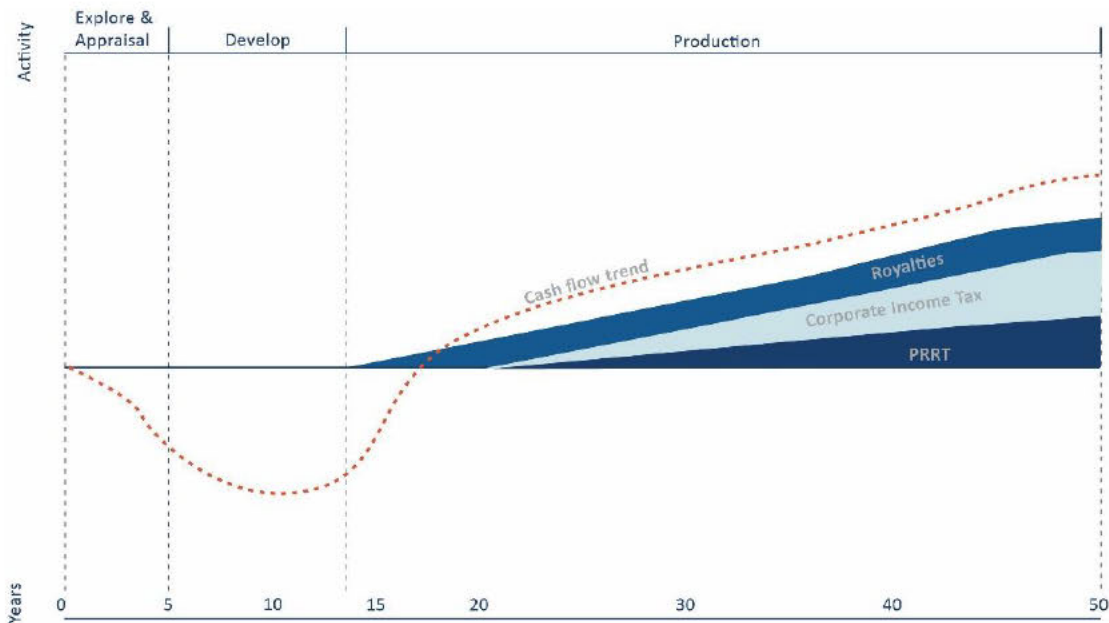


Diagram 2 from our 2019 Submission to the committee provides an indicative summary of cash flows and taxation payments over the life of a project:



Question 8: Upcoming Final Investment Decisions

Senator Slade Brockman asked how many final investment decisions are currently, or in the near future, under consideration.

The most recent data published by the Department of Industry, Science, Energy and Resources in October 2020 showed the oil and gas industry had over \$135 billion worth of projects in the pipeline, as follows:

LNG, gas, oil major projects investment pipeline (October 2020)⁴		
	No. of projects	Range \$ billion
Publicly announced	23	\$40.5+ billion
Feasibility stage	19	\$75.7+ billion
Committed	10	\$19.7 billion
Completed	2	\$0.9 billion

Should further information be required in relation to any of the responses above, please contact [REDACTED] in the APPEA team.

Your sincerely



Andrew McConville
Chief Executive

⁴ Department of Industry, Science, Energy and Resources (2020), 'Resources and Energy Major Projects: 2020', www.industry.gov.au/publications/resources-and-energy-major-projects-2020