



ANNUAL REPORT



2017–2018

australian petroleum production & exploration association limited

VISION AND STRATEGIC GOALS

APPEA's vision is to achieve a growing and internationally competitive Australian oil and gas industry that makes a vital and sustained contribution to the nation's economy.

APPEA strategic goals are to:

- protect the industry's access to resources, offshore and onshore
- improve the industry's operating environment so that it continues to be competitive
- defend the industry's reputation.

Cover images

Main image: Gorgon LNG Project at night | Courtesy Chevron

Front inset: Central Petroleum employee Gary Armstrong at a gas plant near Alice Springs.

Back inset: Shell's Prelude FLNG facility being towed | Courtesy Shell

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ABOUT APPEA

The Australian Petroleum Production & Exploration Association is the peak national body representing Australia's oil and gas exploration and production industry.

At 30 June 2018, APPEA had 59 full member companies and 135 associate members. The full members are oil and gas explorers and producers active in Australia. APPEA members account for an estimated 98 per cent of the nation's petroleum production. APPEA's associate members are companies that provide a wide range of goods and services to the upstream oil and gas industry.

APPEA works with Australian governments to help promote the development of the nation's oil and gas resources in a manner that maximises the return to the Australian industry and community.

APPEA aims to secure regulatory and commercial conditions that enable member companies to operate safely, sustainably, and profitably.

It also seeks to increase community and government understanding of the upstream petroleum industry by publishing information about the sector's activities and economic importance to the nation.

In addition, APPEA hosts several conferences and forums each year to exchange ideas and contribute to the development of the industry's policy positions.



KEY ACHIEVEMENTS 2017–18

- Record LNG exports achieved for Australia in 2017–18.
- NT moratorium on hydraulic fracturing lifted following successful advocacy and public campaign.
- A new national communications and engagement program was launched.
- Successful APPEA Conference and Exhibition held in Adelaide, attracting more than 2000 people.
- ‘Heads of Agreement’ signed with the Commonwealth to avoid a shortfall for the domestic gas market.
- Several major new projects underway across Australia, both onshore and offshore.



CHAIRMAN UPDATE



“ APPEA continued to correct activists’ misinformation to enhance the public and community understanding of our sector. ”

There is no doubt our industry faced daunting challenges in 2017–18, my first year as APPEA Chairman. Equally, there is no doubt APPEA and its members are making clear progress in overcoming many of these challenges.

As the voice of the oil and gas sector in Australia, APPEA stands up for members’ interests by advocating for policy reforms which will support investment, revive exploration and promote the development of new resources.

During 2017–18, energy security and prices continued to dominate the headlines. APPEA made the case for gas as an essential partner to renewables in the energy transition, with gas uniquely placed to support both energy security and lower greenhouse gas emissions. We stood by the climate change policy principles endorsed by our members—a set of policy principles focused on market solutions to reducing emissions.

Community concerns about energy prices spilled over into an intense media debate about the east coast gas market. The industry responded to these concerns with Queensland LNG producers committing to offer all uncontracted gas to domestic customers first, restoring confidence in the market and averting risks of a supply shortfall to 2020.

In the Northern Territory, the efforts of APPEA members and staff, backed by many local supporters, contributed to the lifting of the moratorium on hydraulic fracturing.

The NT decision was the first time an open-ended moratorium on natural gas development was lifted by an Australian government. Provided new regulations are implemented quickly and sensibly, the NT can expect to see, over time, a tremendous economic and social dividend from the development of its natural resources.

The NT is just one instance in an impressive pipeline of projects

underway in the country, with industry activity recovering strongly from the trough of 2015–17. Several major new projects came on stream during the year, including the final stages of the Ichthys LNG Project and commissioning of the Prelude floating LNG facility. We are eagerly awaiting major investment decisions in all of the country’s major producing basins.

During the year, APPEA continued to correct activists’ misinformation to enhance the public and community understanding of our sector. Of course, I believe there is an important role for all of us to play in this vital task.

As APPEA Chair, and on behalf of my Board colleagues, I reiterate my commitment made at APPEA’s conference in May that, beyond our ongoing engagement with politicians and mainstream media, we need to broaden that conversation. At the time of the conference, the APPEA Board made significant commitments to expand our engagement with the community.

APPEA will seek every relevant opportunity to make the case for the industry’s growing contribution and investment in our country.

Finally, on behalf of the Board, I sincerely thank immediate past chairman Bruce Lake, Managing Director of Vermilion, for his outstanding service. During his three years as chairman, Bruce led APPEA at a challenging time of subdued prices and political uncertainty for the oil and gas sector.

I sincerely thank other departing Board members Peter Stickland from Melbana Energy, Petter Undem from Total E&P and Claire Fitzpatrick from BP Developments. I also thank all members for their ongoing support for APPEA’s policy, advocacy and communications work, and their unwavering commitment to the industry.

Zoe Yujnovich
APPEA Chairman

CHIEF EXECUTIVE UPDATE

In time, 2017–18 may be acknowledged as the turning point from global downturn to cautious global market recovery.

By most measures, it was a positive year for the Australian industry, marked by expanding production and stronger revenue. The reviving confidence was evident at APPEA's conference in May—the first 'upbeat' conference I have attended as APPEA CEO.

The most striking number is the surge of our LNG exports to a record \$31.7 billion. If you believe forecasters, that number will grow to \$48.4 billion in 2018–19, pushing LNG past metallurgical coal to be Australia's second largest commodity export.

For members, the more immediate, tangible numbers are found in their companies' stronger balance sheets, new capital investment and jobs growth—promising a return to sustainable growth.

Unfortunately, the political situation offered a more mixed picture for our industry.

On the positive side of the ledger, the Northern Territory moratorium on hydraulic fracturing was lifted in early 2018.

The Commonwealth introduced but did not impose controls on LNG exports. Industry initiatives ensured that ample gas supply was available to the east coast market, helping to ease domestic prices which had spiked in 2016–17.

Some political leaders began to grasp that the solution to rising local gas prices is creating more local supply, not moratoriums, bans or export controls.

The political consensus in Victoria opposing onshore gas began to crack when the Opposition announced it would support onshore conventional exploration and development.

An independent review of offshore retention leases found that the system is working effectively, denting the

populist push for more punitive 'use it or lose it' provisions.

Unfortunately, but inevitably, we have lost a battle or two.

The new government in South Australia legislated a 10-year ban on hydraulic fracturing in the south-east of the state.

The WA government will soon have to decide whether it values regional development, especially for indigenous communities, and diversity of local energy supply.

Exploration continues to languish, close to 30-year lows. This is not sustainable.

The most significant internal development over the past year has been the launch of a new community engagement program focused on building wider political and community support for the industry.

This national program will work with respected community groups to raise awareness of the contributions of our industry to Australia's prosperity and a cleaner global environment. I am excited that APPEA is now able to take this positive step forward.

As I mentioned earlier, APPEA staged another successful national conference held in Adelaide for the first time in six years. More than 2000 people attended the industry's flagship event and feedback was very positive.

Looking ahead, 2019 is shaping up to be another exciting time for the industry, not least because of the federal election. APPEA's work as the voice of the industry will continue.

It has been a privilege to work with all my APPEA friends and colleagues—the Board, the first-rate team in the secretariat and the many, many people from member companies who give their time to supporting our collective effort to promote this essential industry.

Dr Malcolm Roberts
APPEA Chief Executive



Companies had stronger balance sheets, new capital investment and jobs growth— promising a return to sustainable growth. **“”**

APPEA BOARD AND GOVERNANCE

APPEA's Board is responsible for the company's business planning and strategic direction. The Board's governance obligations are defined under the Corporations Act 2001.

Members of the Board during the financial year were:



Zoe Yujnovich
(APPEA Chairman)
Shell Australia Pty Ltd



Michael Abbott
(APPEA Vice Chair)
Woodside Energy Ltd



Frank Calabria
Origin Energy Ltd



Wendy King
ConocoPhillips Australia
Pty Ltd



Bruce Lake
Vermilion Oil & Gas
Australia Pty Ltd



Richard Owen
ExxonMobil Affiliates
in Australia

In addition, the APPEA Corporate Governance Charter defines the respective roles and responsibilities of the Board, the directors, and senior management in setting the direction, management and control of the association. This provides structure and clear guidelines for Board processes, decision making, company policy and strategies that support good governance and control practices.

Under APPEA's constitution, the APPEA Board must comprise at least six and no more than 16 directors elected by APPEA's full members.

Half of the APPEA Board's members are required to resign at each annual general meeting.

In November 2017, Peter Stickland from Melbana Energy Ltd resigned.

In April 2018, Petter Undem from Total E&P Australia resigned. In May 2018, he was replaced by Emmanuelle Tutenuit.

In April 2018, Claire Fitzpatrick from BP Developments Australia Pty Ltd resigned. In May 2018, she was replaced by Emil Ismayilov.



Brett Darley
Quadrant Energy



Ian Davies
Senex Energy Ltd



Ernie Delfos
Eni Australia Limited



Peter Fairclough
Chevron Australia
Pty Ltd



Emil Ismayilov
BP Developments
Australia Pty Ltd



Graham Salmond
BHP Billiton Petroleum
Pty Ltd



Seiya Ito
INPEX



Eric Streitberg
Buru Energy Ltd



Emmanuelle Tutenuit
Total E&P Australia



Brett Woods
Santos Ltd



Claire Fitzpatrick
BP Developments
Australia (resigned
April 2018)



Petter Undem
Total E&P Australia
(resigned April 2018)



Peter Stickland
Melbana Energy
(resigned November
2017)

EXPLORATION AND ACCESS

Oil and gas exploration is vital to meeting Australia's future energy needs. Today's exploration is tomorrow's production. Significant effort and investment are required to continually discover and extract resources from existing and new reserves across Australia both onshore and offshore.

Australia has excellent potential for more oil and gas resources onshore and offshore. However much of the nation remains relatively underexplored. Moratoriums and exploration restrictions, such as in Victoria, prevent new fields from being discovered.

While APPEA welcomed the lifting of the moratorium on hydraulic fracturing in the Northern Territory earlier this year to allow exploration to resume, other jurisdictions must also do the same.

Levels of exploration activity, both onshore and offshore, remain low. Offshore exploration has declined to alarming levels. An upsurge in onshore exploratory drilling occurred in 2017–18 with the highest levels since 2014 being reached but activity is still subdued.

This situation is happening despite deep cost-cutting by the industry. Some companies have almost halved the cost of exploration wells, putting downward pressure on prices and squeezing more activity from tight budgets.

Industry is doing all it can to revive exploration. Fiscal and regulatory settings that impact the cost of exploration must be competitive and efficient to continue to attract investment. APPEA has been actively working with members and governments to identify and

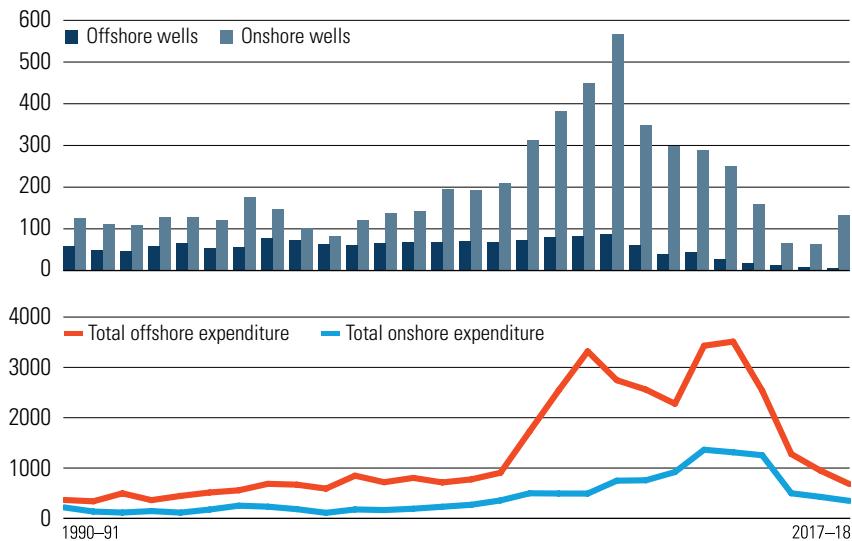
progress actions to assist in reducing approval costs and times, encourage efficient acreage release and lower administration costs.

Existing regulatory duplication, inefficiency and uncertainty are the major deterrents to investment. APPEA has been building a case for government to support exploration and is encouraged by initiatives announced by federal and state governments in 2017–18 to support exploration around Australia.

APPEA welcomed initiatives designed to boost exploration around the country, including:

- Queensland's commitment to the four-year Strategic Resources Exploration Program with funding to drive exploration for gas in the Georgina, South Nicholson and Isa Super Basins.
- The continuation of the Queensland exploration program (QEP), releasing significantly more tenure for exploration for petroleum and gas to assist in identifying more supply for the Australian market.
- Continuing of the federal Exploring the Future program to boost exploration investment in the sector through production of better geoscience data, and the Gas Acceleration Program.

Wells and expenditure



Source: ABS data (www.abs.gov.au/ausstats/abs@.nsf/mf/8412.0) & APPEA/GPINFO database for well data



“ Offshore exploration has declined to alarming levels. ”



Offshore acreage release

In late 2017, the Department of Industry, Innovation and Science consulted on a series of models for reform of the acreage release process through the *Offshore Exploration Policy Reform: Discussion paper for consultation*.

APPEA's submission highlighted the importance of an efficient tenure system and recommended a range of policy reforms, including measures to reduce the amount of time between tenure nominations and tenure award. An efficient and competitive regulatory regime is crucial to ensuring ongoing investment in Australia's petroleum industry.

This is particularly important for the exploration sector as the decision-making framework for companies to explore in Australia continue to be challenged in the face of high costs, a complex and duplicative regulatory framework, remote locations, declining prospectivity in mature basins and low commodity prices.

In May 2018, the Federal Government released a further consultation document on proposed changes to Australia's Offshore Petroleum Exploration Acreage Release system. The 'Acreage Optimisation Model' is still being considered by the government and is expected to be implemented in 2019.

Retention Lease review

The Council of Australian Governments (COAG) Energy Council commenced a review of Petroleum Licensing Regulations in March 2018. The review acknowledged accelerated commercialisation of gas resources is a key part of ensuring the security of gas supply to domestic consumers at affordable prices, particularly large industrial gas users.

APPEA provided a submission to the review and the final report was released in August 2018. The report found tenure regimes in Australia are effective in supporting exploration and development and provide sufficient

GAS VALVES | COURTESY SENEX ENERGY

flexibility to address the challenges of commercialisation presented by individual fields or resources. There was no evidence gas is being withheld, or warehoused, from development and production.

APPEA welcomed the review's acknowledgement of the importance of retention leases in encouraging exploration and investment decision-making:

The design and implementation may vary from regime-to-regime, but all recognise that commercial incentives to explore for and develop resources are driven by the potential revenues arising from economic development and commercial production—not by the discovery of the resource itself.¹

The COAG Energy Council will consider the report's recommendations in 2019.

Independent Expert Scientific Committee

The government's Independent Expert Scientific Committee (IESC) is a statutory committee under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and provides scientific advice to regulators on water use and impacts by natural gas production from coal seams.

In March 2018, APPEA engaged with the IESC to further clarify arrangements and improve industry understanding of the IESC. APPEA's submission on the Information Guidelines assisted in clarifying the requirements of the committee.

APPEA presented to the IESC and helped facilitate the first IESC technical workshop with members on 11 April 2018. APPEA also welcomed more direct engagement with the industry at the IESC Groundwater Symposium held in Brisbane on 19 June 2018.

Federal inquiry into water use by extractive industry

In March 2018, APPEA appeared before the Senate inquiry, initiated by the Australian Greens, into the regulatory framework governing water use by the extractive industry.

The industry uses water in all stages of its activities, from exploration to development. It's used for drilling wells, enhancing recovery of resources, in construction and civil works, land rehabilitation, drinking water and in many other ways.

APPEA strongly advocated on behalf of industry around the importance of responsible water use and water management—outlining the stringent regulation and controls at local and regional levels to manage water resources safely and sustainably.

We are committed to protecting water resources and employ the highest standards in operations and well design.

WA Independent Scientific Inquiry into Hydraulic Fracturing

On behalf of industry, APPEA has engaged extensively with the most recent inquiry into hydraulic fracturing in Western Australia.

APPEA provided an extensive submission to the public consultation process, which outlined the historic use of hydraulic fracturing and the measured used by industry to ensure protection of people and the environment.

APPEA and industry also participated in the public information sessions for the inquiry. The report is expected to be publicly released in late 2018.

New report on Great Australian Bight exploration

Successful oil exploration in the Great Australian Bight could create more than 2000 jobs in South Australia and generate more than \$7 billion in average annual tax revenue to governments over the next four decades, a new study commissioned by APPEA found.

The indirect benefits of the activity and the associated tax revenue could see almost 5000 jobs created and sustained across Australia between 2020 and 2060.

Produced by ACIL Allen Consulting and released in August, the study provided a comprehensive, preliminary assessment of how oil exploration and development offshore in South Australia could benefit the state and national economies.

The study examined two possible production scenarios from the exploration permit areas granted by the Australian Government: a 'base' case production scenario of 1.9 billion barrels of oil equivalent liquids, as was estimated by Wood McKenzie in 2015, and a 'high' case production scenario of six billion barrels, a resource potentially equivalent in size to Bass Strait.

The report confirmed that the exploration activity planned in the Great Australia Bight had the potential to generate significant long-term economic benefits for SA and the nation.



ICHTHYS MOORING CHAINS | COURTESY INPEX

¹ *Review of Petroleum Retention Lease Arrangements in Australian Jurisdictions*, Noetic Group, July 2018, page 27 www.coagenergycouncil.gov.au/publications/coag-energy-council-review-petroleum-licensing-regulations



Queensland

Steel casing in horizontal wells

The use of steel casing in horizontal coal seam gas wells is prohibited by regulation in Queensland. While an exemption process exists, it has proven ineffective for petroleum operators with few exemptions granted. Fibreglass casing is an alternative solution but increases costs and lowers relative productivity.

To address this issue, APPEA secured a 2017 election commitment from the Palaszczuk government to explore opportunities to enable steel casing. APPEA worked with members to quantify the potential benefit of this reform and in 2018 a business

case was provided to government indicating the increase in recoverable gas reserves would be substantial. It totalled 9000 PJ (3P/2C) with an indicative value of \$63 billion.

The Queensland Government is now working to establish clear criteria for exemptions and it's likely that much of the identified reserves will be realised.

Case appraisal for land access

APPEA successfully advocated for the introduction of case appraisal for land access in 2017–18 introduced to the Queensland Parliament to establish a head of power for the Land Court to undertake case appraisal. This outcome supports industry gaining access to land without compromising relationships with landholders.

In the Queensland land access system when agreement cannot be reached with a landholder the last port of call has been the action in the Land Court. Such action has been avoided by the industry except in exceptional circumstances due to the overriding need to ensure positive long-term relationships with landholders.



Financial assurance

The Queensland Government announced in 2017 it would establish a pooled financial assurance fund to replace the existing tenure-by-tenure system.

While the pooled fund approach provides benefits for government in terms of lower risk and cost, the core parameters of the system represent a significant increase in cost for proponents.

However, APPEA was successful in ensuring the new, mandatory government rehabilitation cost calculator was in line with real-world costs, thereby producing an ongoing saving for industry in the order of 25 per cent per annum.

Legacy coal exploration bores

Legacy coal exploration bores in Queensland have the potential to pose safety, environmental and reputational risk as some are not effectively sealed and provide a pathway for natural gas to reach the surface.

An instance of a legacy coal exploration borehole catching fire occurred in 2012 at Daandine and generated significant media coverage. Since that time an emergency management protocol has been put in place. The gas industry has made a substantial investment in emissions monitoring and proactive work has been undertaken by the industry to ensure risks are minimised.

During 2017–18, APPEA supported this effort by advocating for regulatory improvements to enable remediation work to occur off-tenure if necessary, provide a lower cost fit-for-purpose remediation standard and ensure that work undertaken by the petroleum industry on legacy coal boreholes does not result in long-term liability for proponents.

APPEA's advocacy resulted in the Queensland Government moving legacy coal boreholes into the Abandoned Mine Lands Program and trialling bentonite technology to the lower cost of remediation. Discussions are ongoing and the petroleum and coal industries will continue to work with government on this issue.

ENERGY POLICY

Actions taken by the industry in 2017–18 have ensured a secure and sustainable supply of natural gas for local customers.

APPEA members continue to provide reliable, competitively priced energy for Australia and Asian export markets.

Natural gas must be allowed to compete on a level playing field for power generation and process energy in Australia. Any final decision on the choice of fuel inputs should be based on a fuel's intrinsic economic and technical merits, not political considerations.

To encourage continued investment for energy security, energy policy must:

- allow the proportion of energy produced by natural gas to reflect market conditions and recognise the role natural gas can play in complementing intermittent renewable energy sources
- address fiscal, greenhouse and other policy issues affecting the competitiveness of Australia's LNG exports.

Domestic gas market developments and ADGSM

In all sectors of the economy—not just oil and gas—Australia benefits from open and competitive markets. Australia's gas industry is delivering substantial, economy-wide benefits through investment, jobs and regional development. To sustain these benefits, governments must resist calls for policy interventions that impose non-commercial outcomes.

Some domestic gas buyers—citing concerns over tightening supply—continue to press for energy market interventions. Policies such as domestic gas reservation, or similar interventions, tax domestic gas production while subsidising domestic gas consumption. Like all taxes and subsidies, these policies distort economic decisions and generate an unequivocal economic loss: one that compounds over time as future investment decisions are affected.

In 2017–18, energy issues were at the centre of the policy and political debate in Australia, with concerns about gas price and availability that resulted in a range of policy interventions developed and processes focussing on aspects of the industry and its operations.

The introduction in June 2017 of regulations to support the Australian Domestic Gas Security Mechanism (ADGSM) was designed to ensure any potential shortfalls in gas availability for the domestic market were met by placing controls on LNG exports.

APPEA argued against this policy, saying it was a short-term measure that would not sustainably increase the availability of gas for the domestic market. This also raised sovereign risks concerns for an industry that is a major recipient of foreign investment and one that has spent a generation building a reputation as a secure and reliable supplier of energy.

Following a range of meetings with the Prime Minister, senior ministers and government agencies between March and October 2017, a 'Heads of Agreement' was signed between the Prime Minister and three east coast LNG exporters on 3 October 2017. This was to avoid a shortfall for the domestic market in 2018 and 2019 and avert the need for export controls.

On 22 June 2018, the Australian Energy Market Operator forecast it did not expect supply gaps until 2030 (the *2018 Gas Statement of Opportunities* report is considered further below). The Australian Competition and Consumer Commission made a similar finding in its 31 July 2018 gas market report.

The three LNG projects in Queensland have contracted to sell 305 petajoules (PJ) of natural gas to domestic customers in 2018—about half of east coast demand—and are likely to do the same in 2019. Companies operating from offshore Victoria, South Australia and other Queensland gas projects supply the rest of demand.

Further action to continue meeting this Agreement and develop a more enduring solution, and to engage constructively with the government through the 2018 and 2019 ADGSM processes, will be a key focus in 2018–19.

National Energy Guarantee

Consultation on the development of a National Energy Guarantee (NEG) was a key APPEA activity in 2017–18. The guarantee, first announced in October 2017, and developed by the Energy Security Board (ESB) in consultation with stakeholders, would impose two requirements on retailers and other market customers.

Firstly, they would have to meet a percentage of their load requirements with contracts that provide dispatchable and flexible capacity.



Secondly, market customers would be required to meet load requirements at a certain average emissions level. Retailers would fulfil their requirement through contracts they enter or through the type of generators they invest in directly. It's proposed that the dual guarantees be imposed through the conditions of registration as a wholesale market customer in the National Electricity Rules (NER).

Between October 2017 and June 2018 APPEA engaged with the ESB and with government on the development of several aspects of the guarantee's proposed design and application.

There was a focus on the treatment of large customers under the reliability requirement and of trade exposed industries under the emissions requirement. Numerous meetings, submissions and participation in Technical Working Groups informed APPEA's involvement in the development of the NEG.

While the government decided not to proceed with the emissions requirement under the guarantee, the consultation will inform future policy development. The way forward on the reliability requirement under the guarantee is still to be finalised.

“ Actions taken during 2017–18 have ensured a sustainable, secure supply of natural gas. ”

ENERGY POLICY

AEMO Gas Statement of Opportunities

On 22 June 2018, the Australian Energy Market Operator (AEMO) released its 2018 *Gas Statement of Opportunities* (GSOO) publication. The GSOO reports on the eastern Australian gas markets' ability to supply maximum demand and annual consumption over a 20-year outlook.

The June 2018 GSOO confirmed the actions taken by industry to bring more gas into the domestic market had removed any concerns about potential shortfalls out to 2030. The GSOO found the industry has substantially increased the flow of gas to the east coast domestic market and this will continue into the future. The actions taken by the industry mean the 2018 GSOO finds an expected 58PJ gas supply surplus for 2019—nearly 11 per cent of expected domestic demand in that year.

Together with the revised demand and supply outlooks developed by AEMO, they mean the industry has met in full the commitments provided to the government in 2017.



Gas Supply Guarantee

During 2017–18, APPEA and its members worked with AEMO to develop arrangements to put a 'gas supply guarantee' (GSG) to ensure gas will be available to meet peak demand in the National Electricity Market such as heat waves. Following development and testing, the GSG commenced on 1 December 2017, in time for the 2017–18 summer. GSG arrangements were not required during summer and were not activated during 2017–18. The GSG will remain in place until 31 March 2020.

ACCC Gas Market Inquiry 2017–20

The ACCC released three Gas Market Inquiry reports during 2017–18 (September 2017, December 2017 and April 2018) with a further report released in July 2018. The ACCC will release six-monthly reports on the state of the gas market, including the prices and terms on which it is being offered, with a final report in 2020.

In particular, the inquiry will examine:

- measures to improve the transparency of gas supply arrangements in Australia
- the supply by persons in the gas industry (including without limitation gas producers and gas retailers) of, and demand for, natural gas extracted or produced in Australia, or imported into Australia
- the supply of, and demand for, Australian natural gas transport by persons in the gas industry (including without limitation gas pipeline operators and other persons who have access to pipeline capacity).

The first report released on 25 September 2017 found a projected supply shortfall in the east coast gas market of up to 55PJ in 2018, which could be as high as 108PJ if domestic demand is higher than expected. The December report confirmed the gas industry—and Queensland's LNG industry in particular—had secured domestic supply for 2018 and 2019. The ACCC found LNG producers had made significant additional quantities available



to the domestic market and that prices had eased significantly.

The report included a dramatic revision to demand forecasts, with a 55PJ shortfall in gas supply for 2018, reported in the September report, revised to a 20PJ surplus. The April 2018 report confirmed east coast gas prices are continuing to ease as the industry—in particular Queensland's LNG sector—increases supply to the local market. The ACCC found, as it did in its December 2017 report, that producers—particularly LNG producers—have made significant volumes of additional gas available to the local market and prices are continuing to ease, with most price offers now in the range of \$8–11/GJ.

In addition, the ACCC consistently found in each of these reports that supply-side solutions were needed to bring more supply and suppliers into the domestic market, particularly in the southern states. The ACCC recommended blanket moratoria and other restrictions on developing new supply be replaced by case-by-case assessments to allow for new sources of supply.



Mandatory reporting of petroleum statistics and liquid fuel security

The government previously collected data on the petroleum market using a voluntary monthly business activity survey. Changes in the petroleum market have led to an increase in the proportion of businesses not participating in the survey, and this has reduced the coverage and accuracy of the resulting Australian Petroleum Statistics. As part of a broader policy to move Australia back to compliance with its International Energy Agency (IEA) International Energy Program (IEP) Treaty obligations to hold fuel stocks equivalent to 90 days of the previous year's average daily net oil imports, the government announced reporting of petroleum statistics would become mandatory from 1 January 2018.

During 2017–18, APPEA worked with the Department of the Environment and Energy to ensure the mandatory reporting system would minimise compliance and reporting burdens for new and existing reporters, utilise data sharing arrangements with other

government agencies and protect commercially sensitive information.

APPEA also worked with the Department on the preparation of guidance material to help businesses understand how the draft rules apply to their business. The *Petroleum and Other Fuels Reporting Act 2017* received Royal Assent on 23 August 2017 and mandatory reporting commenced as announced on 1 January 2018. The first report utilising data collected through the new mandatory reporting process was released in April 2018.

Australia is a signatory to the IEA IEP Treaty and participates in IEA oil market and energy emergency committees.

A key requirement under the treaty is member countries hold oil stocks equivalent to at least 90 days of their prior year's daily net oil imports, and in the event of a major oil disruption, contribute to IEA collective actions by way of a stock release, demand restraint, fuel switching, or increased production or fuel sharing.

“Industry substantially increased the flow of gas to the east coast domestic market. This will continue into the future.”

ENERGY POLICY

Australia has historically relied on commercial stock levels to meet the 90-day requirement. However, due to declining domestic production and increased demand for liquid fuels, these stocks are no longer sufficient to meet the 90-day requirement. Consequently, Australia has been structurally non-compliant with the 90-day stockholding obligation since March 2012.

The government has agreed a plan to return to compliance with the IEA Treaty stockholding requirements. The compliance plan comprises:

- the introduction of mandatory reporting of Australian petroleum statistics from January 2018 (considered above)
- the purchase of 400 kilotonnes (kt) of oil tickets in 2018–19 and 2019–20 to enable Australia to contribute to an IEA collective action, if needed
- a return to full compliance with the IEA stockholding obligation by 2026.

On 1 June 2018, the Department advised that it's commencing procurement of oil stock tickets for Q4 2018–Q3 2019 (or shorter periods) on behalf of the government. Up to 400kt of oil tickets will be procured with a minimum contract quantity of 10kt. Stocks ticketed can be crude oil, condensate or petroleum products, and must be able to be counted towards the IEA 90-day stock compliance. Further developments are expected in 2018–19.

Gas Market Reform Group

The COAG Energy Council created the Gas Market Reform Group (GMRG) chaired by Dr Michael Vertigan AC to implement reforms to pipeline regulation, including compulsory arbitration and information disclosure. The major areas of focus for the GMRG in 2017–18 included:

- Pipeline capacity trading reforms—the COAG Energy Council agreed that the pipeline capacity trading reform package should be implemented by 1 March 2019 and the harmonisation of gas day start times and nomination cut-off



times should occur by 1 October 2019. The reforms include:

- a pipeline capacity trading platform
- a day-ahead auction of contracted but un-nominated pipeline capacity
- standard contract terms between service providers and shippers for pipeline capacity obtained through the trading platform and auction
- a reporting framework for secondary pipeline capacity trades
- a standard market timetable for gas day start and nominations times.

Western Australia

On 14 December 2017, the AEMO released the 2017 WA Gas Statement of Opportunities (WA GSOO). The key findings of the 2017 WA GSOO were:

- The WA domestic gas market continues to evolve, with new production facilities and gas suppliers, and greater pipeline and gas storage capacity.
- In the near term, to 2020, the domestic gas market is well-supplied.
- Potential gas supply is expected to exceed forecast demand over the entire outlook period, assuming that new reserves are developed.



Some uncertainty exists in the medium-term, when reserves for domestic-only gas producers are expected to fall and forecast domestic gas prices remain low. If domestic gas prices remain low, new gas reserves may not be developed and supply may not meet demand in the medium- to long-term. This may be exacerbated given that exploration has fallen further since 2016. Exploration levels must be considered well in advance of potential supply shortfalls.

- WA domestic gas demand growth remains low.

Further work was conducted by the AEMO WA office in the first half of 2018 to conduct a statutory five-yearly review of the WA GSOO. The review outcomes focused on changes to AEMO's modelling and presentation of gas production in the WA GSOO.

APPEA and its WA members continue to engage with AEMO through the development of the 2018 WA GSOO.

“ In the near term, to 2020, the domestic gas market is well supplied. ”

CLIMATE CHANGE POLICY

Greater use of Australian natural gas – domestically and in export markets – offers significant global environmental benefits.

“ A national climate change policy should recognise the greenhouse emission benefits of natural gas.”

Using more Australian natural gas can significantly reduce greenhouse gas emissions while also enhancing energy security and delivering other environmental, economic and social benefits both in Australia and in LNG customer nations. A national climate change policy should recognise the greenhouse emission benefits of natural gas and should deliver carbon abatement at least cost. This means it should enhance the Australian gas sector's domestic and international competitiveness.

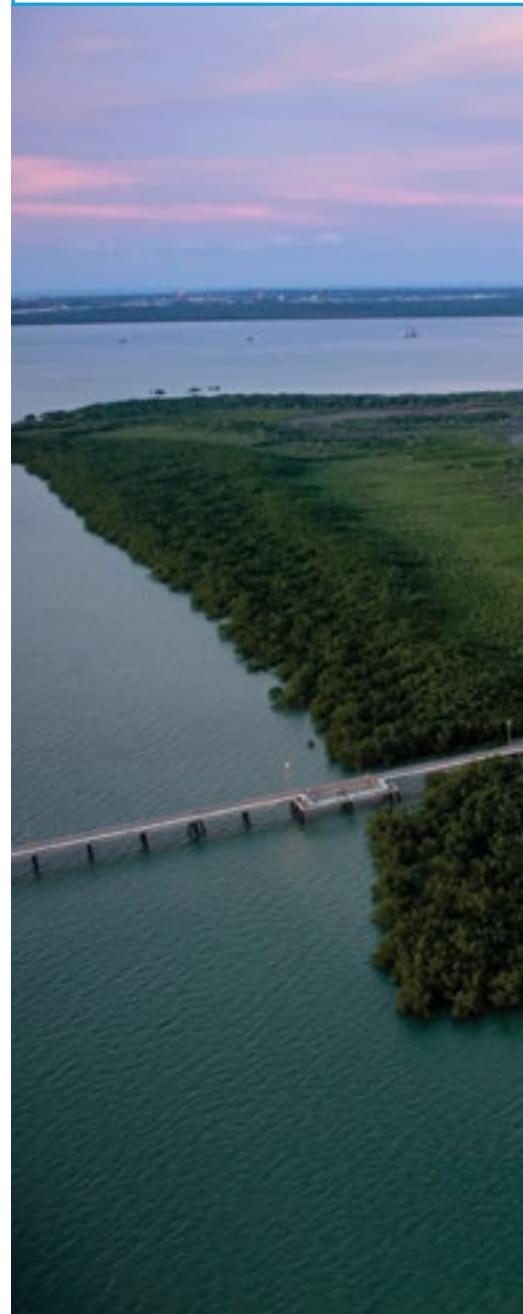
In 2017–18, APPEA worked with the Commonwealth, states and the Northern Territory government—particularly as part of the independent Scientific Inquiry into Hydraulic Fracturing of Onshore Unconventional Reservoirs in the Northern Territory—on a range of climate change policy issues.

APPEA continued to advocate a nationally-consistent climate change policy approach to streamline the hotchpotch of programs regulating greenhouse gas emissions in various jurisdictions across Australia. APPEA also continued to advocate for states to avoid duplicating national policies and remove policies that do not complement a national approach.

2017 Review of Australia's Climate Change Policies

A key area of focus in 2017–18 was the 2017 Review of Australia's Climate Change Policies. The review presented its final report on 19 December 2017. The review highlighted that a raft of policies is in place to reduce Australia's emissions. The review confirmed natural gas has a major part to play in meeting this emissions reduction challenge.

The 2017 review confirmed the government's in-principle support for Australian businesses having access to international permits. APPEA welcomed this position and encouraged the government to allow



the use of all credible domestic and international offsets as soon as possible. APPEA also welcomed the commitment to maintain flexibility in the Safeguard Mechanism to account for the inherent variability of emissions in resources projects.

2018 saw APPEA's focus turn to the major areas of reform following the review, particularly continuing to advocate for fair and international competitor aligned treatment of trade exposed industries to maintain international competitiveness and ensure Australia continues to attract investment.



Emissions Reduction Fund

The Emissions Reduction Fund (ERF) is a voluntary scheme aimed at providing incentives to adopt new practices and technologies to reduce emissions. Several activities are eligible under the scheme and participants can earn Australian carbon credit units (ACCUs) for emissions reductions. One ACCU is earned for each tonne of carbon dioxide equivalent ($t\text{CO}_2\text{-e}$) stored or avoided by a project. ACCUs can be sold to generate income, either to the government through a carbon abatement contract, or in the secondary market.

Two elements of the ERF—crediting emissions reductions and purchasing emissions reductions—started on 1 July 2014. Seven ERF auctions have been held so far, with two auctions held in 2017–18 (in December 2017 and June 2018). Together the auctions have seen the Clean Energy Regulator award 462 Carbon Abatement Contracts to deliver a total of 192 million tonnes of abatement. The total value of contracts awarded was more than \$2.3 billion; the average price per tonne of abatement was \$11.97. Around \$249 million in funding remains, and an eighth ERF Auction is expected in late 2018.

The third element of the ERF—the safeguard mechanism—is aimed at ensuring emissions reductions are not displaced by significant increases in emissions elsewhere in the economy. It involves setting emissions baselines based on the highest emissions over the past five years and ensuring that a facility's emissions do not exceed this baseline. The mechanism applies to facilities with direct CO_2 emissions of 100,000 tonnes of carbon dioxide equivalent ($\text{CO}_2\text{-e}$) or more per year.

In December 2015, Federal Parliament passed rules to establish the mechanism, which started operating on 1 July 2016.

CLIMATE CHANGE POLICY

During the mechanism's development, APPEA held many meetings with former Energy Minister Josh Frydenberg, his office and the Department of the Environment and Energy to improve the mechanism's operation and its application to the industry.

APPEA worked to ensure the mechanism did not impose inappropriate cost burdens on the industry and that its further development would make Australia more competitive in attracting oil and gas investment. In 2017–18, APPEA continued to liaise with the Department and the Clean Energy Regulator to ensure that the mechanism's administration is as low-cost and efficient as possible.

APPEA also engaged with the Department as it began the process of implementing amendments to the safeguard mechanism arising from the 2017 review. In February 2018, the Department released a consultation paper outlining an approach to update and simplify aspects of the safeguard mechanism. APPEA's submission to the paper outlined a number of amendments that would make the mechanism fairer and simpler. In August 2018, the Department released a further paper and exposure draft of amendments to the National Greenhouse and Energy Report Scheme (Safeguard Mechanism) Rule 2015. APPEA's focus on the safeguard mechanism will continue in 2018–19.

APPEA Climate Change Policy

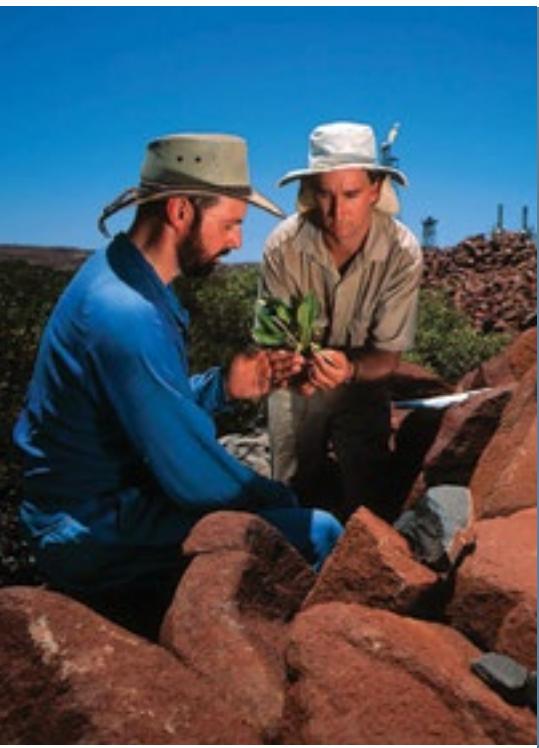
APPEA's Climate Change Policy Principles are designed to assist policymakers in developing efficient and effective responses to this major global issue.

The principles note APPEA supports a national policy that delivers greenhouse gas emissions reductions at least cost and facilitates broad-based investment decisions consistent with there being an international price on carbon.

Natural gas is integral to effective climate policy. Gas complements renewable electricity generation because gas generation plants can be rapidly turned on and off to respond to changes in intermittent wind and solar generation.

Climate policy must be fully integrated and consistent with policies in other areas—including energy, international trade, taxation, economic growth, population, and environmental and social responsibility.

- 1** International engagement is crucial.
- 2** Climate change and energy policies must be integrated and harmonised.
- 3** Climate change adaptation strategies are necessary.
- 4** Climate policy must not compromise national or global economic development or energy security.





GORGON PROJECT | COURTESY CHEVRON

The National Energy Guarantee

A key focus in 2017–18 was consultation on the development of the NEG. The guarantee, developed by the Energy Security Board (ESB) in consultation with stakeholders, would impose two requirements on retailers and other market customers. Firstly, they would have to meet a percentage of their load requirements with contracts that provide dispatchable and flexible capacity. Secondly, market customers would be required to meet their load requirements at a certain average emissions level. Both these requirements would be met through market customers' contract positions.

APPEA engaged with the ESB and with government on the development of a number of aspects of the guarantee's proposed design and application to the industry, particularly the treatment of large customers under the reliability requirement and of trade exposed industries under the emissions requirement. While the government decided not to proceed with the emissions requirement under the guarantee, the consultation will inform future policy development. The way forward on the reliability requirement under the guarantee is still to be finalised.

Fugitive emissions

During 2017–18, APPEA continued discussions with the Department of the Environment and Energy about further research on fugitive emissions. In particular, APPEA was heavily involved with the Department as it considered amendments to the National Greenhouse and Energy Reporting Measurement Determination 2008 to improve the comprehensive fugitive emissions measurement and reporting under the National Greenhouse and Energy Reporting Scheme (NGERs).

International developments

The Intergovernmental Panel on Climate Change's Fifth Assessment Report 2018–19 found:

- The human influence on the climate system is clear.
- The more we disrupt our climate, the more we risk severe, pervasive and irreversible impacts.
- Humans can limit climate change and build a more prosperous, sustainable future.

In 2015, the Federal Government released its final 2030 emissions reduction commitment—a 26–28 per cent reduction in emissions on 2005 levels. This requires reducing emissions by about 900 million tonnes from 2020 to 2030.

The 2017 United Nations Climate Change Conference was held in Bonn, Germany from 6–17 November 2017 and focused on developing the rules to underpin the implementation of the Paris Agreement, agreed in 2015. APPEA held a number of meetings with the Department of Foreign Affairs and Trade and the Department of the Environment and Energy during 2017–18 with a particular focus on the rules that may underpin international trade in permits (known as Article 6). The Paris Agreement 'rulebook' is expected to be finalised at the 2018 United Nations Climate Change Conference—to be held in Katowice, Poland from 3–14 December 2018.

ALIGN

APPEA is part of the Australian Industry Greenhouse Network (ALIGN), a group of industry associations and businesses coordinating industry action on climate change policy issues to promote sustainable development. APPEA's Director—Economics was elected as ALIGN Chair in October 2016. In 2017–18, APPEA provided input to numerous ALIGN submissions, with a particular focus on the development of the Emissions Reduction Fund and its safeguard mechanism.

TAXATION AND COMMERCIAL

A competitive and stable taxation system is important if Australia is to successfully compete for the global pool of investment capital in the oil and gas industry. It's essential the taxation settings respond to the different commercial drivers that shape exploration and development decisions.

The taxation treatment of the costs of doing business remains fundamental in determining whether investors will commit funds needed for ongoing exploration and production activities in Australia. The denial or delays in obtaining tax deductions will impact on future investment decisions.

Project economics remain challenging in Australia, overall industry profitability remains modest and exploration activity is at historically low levels. Nonetheless, the industry continues to make significant contributions to governments through payment of company and resource taxes.

Tax administration and transparency

Governments and the community place a strong emphasis on corporate behavior and transparency. In terms of taxation, the amount paid in any given year by individual companies is dependent on a range of factors, including movements in commodity prices, the level of production and the quantum of project expenditures.

Tax reporting

The Federal Government relies on a number of mechanisms for fostering tax transparency. Legislation requires the Australian Taxation Office (ATO) to publish information for public companies with annual total incomes of \$100 million or more. Data must also be published on petroleum resource rent tax (PRRT) payments made by licence holders in Australia. The most recent report was released in late 2017 for the 2015–16 tax year.

APPEA continues to work closely with the government to ensure the released tax data has accompanying explanatory material that outlines the reasons for fluctuations in tax contributions.

Tax Transparency Code

The Board of Taxation announced the introduction of a Voluntary Tax Transparency Code in 2016 that sets a minimum standard to guide the disclosure of information by businesses. The code seeks to balance the public interest of increased tax transparency with the practical compliance challenges for taxpayers.



A key objective is to address the misunderstanding of published tax information, a concern that is evident when the ATO releases its annual taxpayer data. APPEA continues to encourage members to adopt the code as part of their business reporting frameworks. To date, a number of member companies have formally adopted the code.

Parliamentary—government scrutiny

A number of inquiries and consultation processes proceeded during 2017–18. APPEA participated in Parliamentary reviews and worked with regulators and other parties to ensure the views of industry were understood and policy settings reflect the commercial framework of the industry.

APPEA continued to play an active role on the Multi-Stakeholder Group (MSG) established by the Federal Government to aid Australia's candidacy for membership to the Extractive Industries Transparency Initiative (EITI). EITI is a global initiative that seeks to improve the understanding and transparency of the resources sector, particularly in the context of developing countries.

Consultation

The industry respects the important role played by taxation regulators in both collecting and administering state and federal tax laws. APPEA works in a collaborative manner with regulators in terms of tax administration and compliance. APPEA is an active participant (both directly and through member company representation) on a number of government working groups and committees, including:

- ATO Energy and Resources Working Group
- ATO Large Business Stewardship Group
- ATO/APPEA PRRT Sub-Committee
- Queensland Office of State Revenue Resource Consultative Committee Petroleum Sub-Group
- EITI Multi-Stakeholder Group.



“ APPEA uses its engagement in working groups and committees to share information and raise issues of concern. ”



Company tax

APPEA seeks company tax settings that reflect the capital-intensive nature of the industry, do not distort investment and allow Australia to compete in domestic and export markets.

The operation of the company tax regime has a major impact on investment decisions in the industry. The Federal Government continues to focus on a range of important aspects of the company tax system that directly impact on APPEA members. Company tax issues addressed by APPEA during 2017–18 included:

- law changes to remove potential impediments to asset realignments
- thin capitalisation guidance (including asset revaluation provisions)
- treatment of finance-related costs, including highlighting the potential consequences of arbitrary restrictions or limitations being placed on the treatment and scope of eligible debt
- finalisation of outstanding issues associated with the treatment of exploration costs, and related taxpayer compliance
- guidance on cross border marketing and transport related activities
- the treatment of wages and related costs in capital asset values

- furthering the industry's understanding of the details of the newly-implemented diverted profits tax.

PRRT

An independent report into the operation of the PRRT was released by the Federal Government in April 2017. It contained a series of recommendations covering both policy and administrative aspects of the tax. When releasing the report, the Treasurer announced a further review process that sought the views of interested parties on the potential implementation of the recommendations contained in the independent report.

APPEA participated in the review process that was undertaken by Federal Treasury, outlining the potential impacts on past and future investments in the industry. APPEA stressed the need for Australia to have a competitive and stable resource taxation framework that is critical to providing investor confidence.

In addition to the review of PRRT, APPEA continued to pursue both improvements and clarifications to the operation of the PRRT through discussions with the ATO.

During the year, APPEA engaged with the ATO on matters such as the PRRT treatment and deductibility of social

infrastructure expenditures, closing down expenditures, project license reversions as well as a number of outstanding technical matters relating to onshore petroleum operations. It is essential that companies are able to claim deductions for all costs associated with their petroleum operations.

Petroleum royalties

APPEA engaged with a number of governments during the year on various petroleum royalty regimes. A detailed submission was lodged with the Northern Territory Government as part of a broad-based review of revenues, while APPEA continued to work with the Queensland Office of State Revenue on the operation of the state's royalty legislation.

Cash bidding

Cash bidding for exploration acreage represents an additional form of taxation on risk taking activities.

APPEA has consistently voiced concerns about the policy instrument since it was introduced several years ago. The work program bidding system has proven to be a highly successful acreage management system in Australia.

APPEA welcomed the announcement by the Federal Government of its intention during the year to no longer use cash bidding for awarding exploration acreage.

SUBMISSIONS AND REPORTS

Submissions

July 2017

- Petroleum Resource Rent Tax (PRRT) consultation paper to Treasury
- Petroleum and other fuels Reporting Rules 2017 exposure draft

August 2017

- Gas Supply Guarantee—Draft Gas Supply Guarantee Guidelines
- Improvements to Natural Gas Bulletin Board
- Northern Territory Hydraulic Fracturing Inquiry, information request
- Australian Energy Market Operator (AEMO) Gas Supply Guarantee, draft guidelines
- Review of the Carbon Farming Initiative Legislation and the Emissions Reduction Fund consultation paper

September 2017

- Influence of Political Donations Inquiry
- Scientific Inquiry into Hydraulic Fracturing in the Northern Territory comments on interim report and public hearings

November 2017

- Offshore Exploration Policy Reform—Discussion paper for consultation
- Report to COAG Energy Council—Unconventional gas in Australia

December 2017

- Federal Budget submission 2018–19

January 2018

- Inquiry into water use by the extractive industry.

February 2018

- Emissions Reduction Fund Safeguard Mechanism Consultation Paper

March 2018

- Northern Territory Revenue Review
- Five-yearly review—Western Australian gas statement of opportunities for AEMO
- Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation in Western Australia
- Senate Standing Committees on Environment and Communications Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017
- Why Australia should support a revived TPP
- Structure of Participant Fees In AEMO's Gas Markets Draft Report
- Senate Committee's Inquiry into the Clean Energy Finance Corporation Amendment (Carbon Capture and Storage) Bill 2017
- Energy Security Board National Energy Guarantee Draft Design consultation paper

May 2018

- Committee Inquiry into impediments to business investment in Australia

June 2018

- National Energy Guarantee Draft Detailed Design for Consultation, Commonwealth Elements
- Department of Industry, Innovation and Science Resources 2030 Taskforce.

Publications

May 2018

- APPEA Key Statistics 2018

August 2018

- ACIL Allen Consulting report, *Petroleum Development in the Great Australian Bight—A preliminary view of the economic impact of development*.



“ APPEA reports and submissions highlighted key policy and regulatory issues. ”

APPEA continued to improve on the industry's environmental performance in 2017–18 by working closely with governments and agencies to make environmental regulation more efficient.

“ APPEA has been engaging proactively on the network of marine parks. ”



Environmental regulation

In November 2017, the Federal Minister for Resources and Northern Australia Senator Matt Canavan approved a proposal to pursue regulatory amendments to achieve increased public engagement in environmental approvals and transparency of environment plans.

The specific changes include:

- improved public consultation on potential new offshore petroleum exploration areas
- establishing a register of interests for stakeholders interested in being consulted on future activities in an area
- publishing the environment plans submitted by petroleum companies before they carry out any exploration or other activities in an area and inviting public consideration of the plans
- holding community information sessions in areas where petroleum activities are being or will be conducted.

Industry's response to these reforms is being coordinated through APPEA's Environment, Health and Safety (EHS) committee. APPEA and interested members are also participating on NOPSEMA's Transparency Taskforce.

Fishing sector engagement

APPEA welcomed involvement from Australia's fishing sector at the 2018 APPEA Conference and Exhibition in Adelaide, including an exhibit adjacent to the APPEA lounge in the main exhibition hall.

A meeting of the Petroleum–Fishing Roundtable was held on 18 May following the APPEA conference. The meeting involved representation from peak fishing bodies from across Australia and interested member companies from APPEA.

Both industries agreed to continue endeavouring to resolve key issues associated with joint access to marine resources.

Streamlining environmental approvals

APPEA members actively engaged in the development of four environment plan reference cases. Three reference cases have now been completed and are available for use. They include:

- sewage, grey-water and putrescible waste discharges
- anchoring of vessels and floating facilities
- consequence analysis of an accidental release of diesel.

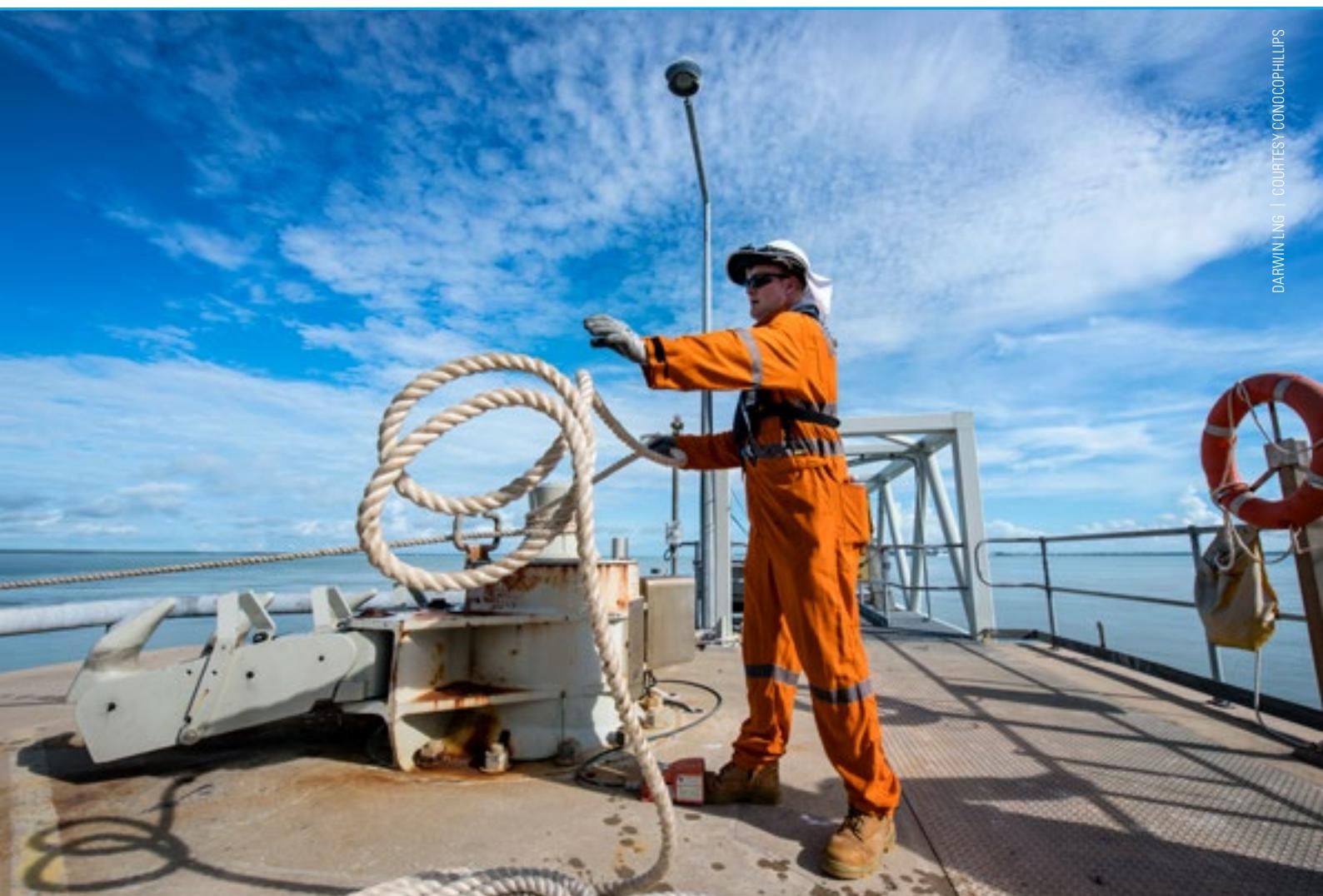
APPEA also worked with National Energy Resources Australia (NERA) on engaging stakeholders to understand views on reference cases and developing a reference case review report. The report is expected to be released in the fourth quarter of 2018.

Decommissioning

APPEA worked to establish a framework that maximises field life and ensures that decommissioning is completed safely, sustainably and cost-effectively. The following developments occurred during the financial year:

- The decommissioning strategy was endorsed in November 2017, it prioritises regulation, research, industry sharing, supply chain and stakeholders.
- Industry is pursuing the establishment of the National Decommissioning Research Initiative.
- A workshop with key stakeholders was held to develop comparative assessment guidelines.

The workshop on decommissioning comparative assessment was held on 4 July and involved a broad range of stakeholders from state and federal government agencies including state and commonwealth regulatory agencies; fishing industry; and oil and gas industry representation.



The workshop was successful in determining the need and support from those represented at the workshop, for a petroleum decommissioning comparative assessment guideline. Development of the guideline is scheduled to commence later this year.

Environment and Safety Awards

Two new categories have been added to APPEA's Environment and Safety Excellence Awards in 2018 which aim to improve access for smaller companies that are more project-focussed. The four award categories are:

- Company Safety Excellence
- Safety Project Excellence (new)
- Company Environment Excellence
- Environment Project Excellence (new).

A call for submissions for the awards will be released in late-2018.

Marine parks

In 2017–18, the Federal Government finalised the legislative arrangements for 44 new marine parks covering 2.37 million square kilometres of Australia's oceans. This represented a significant milestone for the industry and APPEA who has been engaging proactively and openly on the network of marine parks since Australia committed to establish a system of marine protected areas in 1993.

While the boundaries of marine parks were locked in on proclamation in 2012, the operation of the plans was put on hold while an independent review was undertaken in 2016. Following this review, the Director of National Parks undertook statutory consultation on the final management arrangements (referred to as management plans) with final plans entering into parliament in

March 2018. The plans passed into law in August and set out the legal framework for the management and zoning of 44 new marine parks.

APPEA welcomed provisions in the plans to reduce regulatory burden and overlap, allow consideration of pipeline access and recognise the importance of collaborative management and science.

APPEA's representation has been pivotal in ensuring ongoing access to areas producing or prospective for petroleum. APPEA also ensured the recognition of the existing rigorous environmental safeguards and regulation already in place for petroleum activities in Australia.

HEALTH AND SAFETY

APPEA continues to work with members and stakeholders to support the objective that every worker goes home safe.

Australia's oil and gas industry is a world leader in safety.

“The rates of incidents and injuries has been steadily falling.”

Across the world's oil and gas industry and in Australia, the rates of incidents and injuries have been steadily falling. The global average for total recordable injury rate has fallen from almost three per million hours worked in 2007 to roughly one per million hours worked in 2016. This represents a 66 per cent improvement over 10 years.

During the last decade, the number of accidents—fatalities, serious injuries or injuries requiring absence from work for more than three days—fell by 91 per cent.

In 2016, the Australian oil and gas industry's safety performance demonstrated lower rates of injuries than more mature jurisdictions of the UK, Norway and the United States.

Both industry and NOPSEMA are focused on the critical controls in place to manage major accident events. NOPSEMA data has highlighted a 30 per cent improvement in the performance of critical controls in 2017.

NOPSEMA data shows the industry had one Tier 1 hydrocarbon release in 2017, which was an improvement over the three Tier 1 hydrocarbon releases in the previous year. While the industry is striving for zero Tier 1 releases, it's noted that there is currently a very low baseline of events which industry is working to resolve.

Collaborative approach to safety

In 2014, APPEA supported the establishment of SaferTogether Queensland as a vehicle to facilitate greater collaboration across operators and contractors in relation to shared safety challenges. The success of the model, which now boasts over 100 members, has led to the establishment of a new SaferTogether chapter to service Western Australia and the Northern Territory.

This also represents an expanded remit for the organisation, with marine and aviation working groups added to the existing line up of Safety Leadership, Competence and Behaviour, Land



Transport, Process Safety and Rig Site Safety working groups.

APPEA has worked closely with SaferTogether to ensure consistent communication to key stakeholders regarding the management of safety issues across the industry. APPEA retains responsibility for advocacy and policy relating to safety matters, while SaferTogether is charged with program delivery. However, both APPEA and SaferTogether recognise that policy and advocacy are strengthened through operational insights.

A meeting of APPEA's CEO Safety Leadership Forum was held on 16 May 2018 in Adelaide. The forum was well attended and included presentations from APPEA, NOPSEMA and SaferTogether. The next meeting will be held in May 2019 in Brisbane, as part of the APPEA conference.



Strategic Review of EHS priorities

In line with the transition of the industry from major capital construction projects to long-term operations, and the emergence of SaferTogether with a focus on operational safety, APPEA's Environment, Health and Safety (EHS) Committee undertook an extensive review of strategic priorities.

The EHS Committee prioritised five areas with the most potential to impact the industry's reputation, competitiveness and access to resources. These include:

- Environmental risk—preparation for transparency; improving environmental knowledge and outcomes; improved stakeholder relations.

- Environmental science—produced formation water; noise impacts; hydrocarbon releases; and decommissioning.
- Oil spill preparedness and response—improved leadership and tactical response arrangements; sharing of learnings and information.
- Safety reform—data reporting and analysis; alignment with WA/NT SaferTogether; WHS Inquiry and reviews.
- Onshore collaboration—coordination of national onshore EHS priorities and improved consistency in onshore regulation.

Work health and safety reforms

APPEA supported the Chamber of Minerals and Energy WA on engagement relating to application of the model Work Health and Safety Act in WA.

APPEA's priority is to ensure that the regulatory framework for the industry recognises the prevention of major accident events as the overriding objective of safety legislation.

CONFERENCE AND EVENTS

Australia's oil and gas industry gathered in Adelaide from 14–17 May to meet, learn and debate at APPEA 2018, the annual conference hosted by APPEA. It was the first time in six years APPEA had staged its flagship event in South Australia.



SENATOR MATT CANAVAN

Oil and gas industry's annual showcase a success

With a theme of 'Resilient Business—Success in the new energy market', APPEA's key industry event attracted more than 2000 oil and gas professionals, industry leaders, analysts and policy makers at the newly-renovated Adelaide Convention Centre.

The conference program showcased more than 150 presentations, delivered by leading exploration and production and service companies, senior education and government officials including new South Australian Premier Steven Marshall and Federal Resources Minister Senator Matt Canavan.

Other keynote speakers included Peter Coleman (Woodside), Dr Alex Wonhas (Aurecon) and Kellie Parker (Rio Tinto), Tom Quinn (Broadspectrum), Peter Bennett (Clough), Nigel Hearne (Chevron Australia), Dr Larry Marshall (CSIRO), Kevin Gallagher (Santos),

APPEA Chairman Zoe Yujnovich (Shell) and Amy Myers Jaffe (US). Topics covered including The future of energy, A resilient supply chain, and the much-anticipated, Diversity and inclusion session facilitated by Diane Smith-Gander.

The technical and business program also delivered a wide spectrum of key industry topics ranging from Social License and Modern Field Development to the Cooper Basin and Geophysical Innovation.

The large-scale conference included more than 670 companies, with 133 organisations featured in the world-class exhibition that continues to be an impressive industry showcase.

APPEA 2018 provided members and the industry with multiple opportunities to network and connect with the oil and gas supply chain which included the annual Conference Dinner held at the iconic Adelaide Oval, multiple



cocktail receptions, breakfasts, lunches, refreshment breaks and a site tour of the Tonsley Innovation District. For those with a sporting nature, the traditional golf tournament was an attraction and a cycling tour!

A number of awards were presented during the annual conference to recognise outstanding submissions in relation to the event program but also for leading work and achievements in the oil and gas industry. All the award winners can be found at www.appeaconference.com.au.

APPEA also unveiled a new-look conference youth program, which was a key vehicle for introducing South Australian high school students to the industry. More than 80 students from public and private schools attended special one-day workshops, with the chance to walk through the exhibition floor, hear from young industry professionals, conduct key science experiments and discuss the future

of energy with industry leaders. Complemented by the inaugural mentor program for the APPEA conference, 2018 was a key year to refocus on the younger generation.

Following the success of the conference, the industry is looking forward to APPEA 2019 which will be held at the Brisbane Convention Centre from 27–30 May 2019.

Delegate registrations are already open with the APPEA Journal authors and presenters confirmed to deliver a world-class business and technical program.

APPEA 2019 in Brisbane—set in a federal election year with an outstanding keynote program and a social program to maximise networking opportunities—is set to deliver on all fronts.

Find out more and register:
www.appeaconference.com.au



PETER BENNETT FROM CLOUGH WITH ZOE YUNOVICH



JANE MICHE



2017 APPEA Taxation and Commercial Conference

Held in Glenelg, South Australia from 15–17 November 2017, the 14th APPEA Taxation and Commercial Conference attracted more than 150 taxation, legal, accounting and commercial professionals.

Over three days delegates discussed a range of topical issues affecting the commercial performance of Australia's upstream petroleum industry.

Held every two years, the conference has established a reputation as the 'must-attend' event for those with an interest in the commercial performance of the industry. In addition to keynote addresses, concurrent sessions on topical issues, the 2017 event presented an outstanding opportunity for stakeholders across different parts of industry and government to meet and discuss matters of mutual interest.

Speakers and delegates included industry experts, representatives from advisory and legal firms, and government officials.

The next APPEA Taxation and Commercial Conference will be held in the fourth quarter of 2019. A call for papers will be released in early 2019.

2017 HSE Conference

The 2017 APPEA Health, Safety and Environment Conference was held from 25–26 October at Perth Convention and Exhibition Centre.

Attended by more than 200 delegates, the theme of the conference was 'Innovation in HSE in the age of increasing transparency'.

Key issues discussed at the conference included:

- technology and innovation
- collaboration with other industries
- adoption and adaption of the latest science, research and development
- enhance communication and collaboration with stakeholders and communities to build trust and lasting relationships.

Some of the major international presentations focused on issues such as Managing safety in spaceflight: recognising narrow margins—Dr Jim Reilly (a former NASA Astronaut/Geologist) and Working for safety improvements: the features, issues, benefits and proofs by Les Linklater (Executive Director, Step Change in Safety UK).



Introduction to oil and gas seminars

Hosted by APPEA and facilitated by Curtin University's adjunct Professor Peter Moore, the one-day seminars give a broad understanding and perspective of the Australian oil and gas industry.

Public and private seminars were delivered in Perth, Brisbane, Canberra and Adelaide. Planning has begun to expand on these locations over the next two years.

Attendees gain an appreciation of the geological, technical and economic aspects of the industry, features of the onshore and offshore environments, as well as the exploration, development and production phases.



Connect Series

APPEA Connect Series events provide networking and information-sharing opportunities for members to discuss topical industry issues. Events held in 2017–18 across Queensland and Western Australia focused on:

- The Finkel Review— implications for the gas industry
- US Energy Powerhouse—the Pennsylvania Story
- Gas market reforms—policy and regulatory insights from the east coast
- Reviving exploration in Australia
- The best approach to decommissioning
- Dispute Resolution Clauses.

The events provide members with an opportunity to obtain new knowledge, gain a better understanding of the challenges facing our industry, learn from each other's experiences, and network across the whole supply chain.

“ Seminars give a broad understanding of Australia’s oil and gas industry”

COMMUNICATIONS

As the leading voice of Australia's oil and gas industry, APPEA is the central contact point for media, government, policymakers and the community for information, comments and analysis on issues affecting the sector.

APPEA's media and communications activity supports the organisation's advocacy goals and provides industry and policy information for national news and trade media.

Australia's news media sought APPEA's comments on many current policy debates and issues.

With a major focus on energy policy, resource tax, expanding exploration activity, a moratorium being lifted on onshore gas exploration in the Northern Territory and an increase in major project activity, APPEA had another busy year of media engagement and commentary.

APPEA issued more than 60 media releases during the year, responding to Federal and State government announcements on a range of public policy and industry-related issues, wrote several opinion pieces for major national newspapers, provided an upstream oil and gas industry perspective on matters of national public interest.

Australia's news media sought APPEA's comments on many current policy debates and the Chief Executive and other key spokespeople participated in numerous newspaper, radio and television interviews and provided briefings for the national news.

APPEA websites

- www.appea.com.au is the association's main website providing the latest information about APPEA, members, news, activities, events, statistics and policy submissions
- www.appeaconference.com.au is the website of Australia's premier oil and gas industry conference; a one-stop-shop for registration, latest program details, exhibition and sponsorship information plus delegate-only access to conference proceedings.

Other APPEA websites continued to provide useful information on the latest on safety issues and outline key segments of the industry.

Leading journalists attend industry's major event

More than 50 accredited media and journalists attended the annual APPEA Conference held in Adelaide in May 2018.

APPEA conferences have an excellent reputation among resources and oil and gas industry journalists—the media room is always well organised and the event delivers a strong flow of industry, innovation and economic news.

Distinguished speakers from the conference program followed up presentations with press conferences and one-on-one interviews with journalists from Australia's leading newspapers, industry publications and international correspondents.

Publications

APPEA produced a range of leading industry and policy-related publications and documents during 2017–18.

Flowline delivered news on Australia's oil and gas industry to members, industry stakeholders and government officials. This digital publication reached more than 5000 key individuals each quarter.

APPEA also produced the annual *Key Statistics* card, featuring the latest statistical information about the industry including energy use, production and economic contributions of the industry. The *Monthly Report* was also distributed exclusively to members as a source of information.

APPEA sent *Information Bulletins* to members providing important updates on current and emerging issues.



Social media

APPEA enjoyed strong growth in social media engagement on a range of digital platforms including Twitter, Facebook, LinkedIn and YouTube.

Twitter has become one of APPEA's strongest social media engagement channels and the organisation currently has more than 7000 followers across its main twitter accounts as well as 1700 followers for APPEA's Conference account.

APPEA is looking to ramp up its social media engagement with members, stakeholders and to correct misinformation as part of its digital focus in the coming year.

Community and stakeholder engagement program

A new communications program started during the year, with a focus on better engaging with the broader community and stakeholders about the role of natural gas in their lives.

The national program is focused on improving awareness of the benefits of natural gas through better collaboration with third parties, digital outreach and community engagement.

DR MALCOLM ROBERTS
CHIEF EXECUTIVE



“Without additional gas supply and capacity, there is the potential for a major short-fall in meeting annual Victorian gas consumption from 2022.”



AWARDS AND SCHOLARSHIPS



APPEA LIFE MEMBERSHIP RECIPIENT PETER STICKLAND WITH ZOË YUNOVICH



Peter Stickland honoured with life membership

Former Board Director and Melbana Energy executive Peter Stickland was awarded honorary life membership of APPEA for his long-standing contribution to Australia's oil and gas industry.

Mr Stickland received the Award at the APPEA 2018 dinner from APPEA Director and Buru Energy Executive Chairman Eric Streitberg. He said Mr Stickland had been a passionate supporter of small and medium-sized oil and gas companies.

Mr Stickland's involvement with APPEA dates back to 1998 when he prepared and presented a peer-reviewed technical paper at the APPEA Conference. He was an APPEA Board Director for almost nine years and has been a member of APPEA's Exploration Committee for nearly 20 years including seven years as Chair.

From 1990 until 2005, Mr Stickland was an exploration section leader in BHP Petroleum. He joined Tap Oil in 2005 as Exploration Manager and was CEO from 2008 until 2010. He joined MEO Australia as Exploration Manager. In January 2015, he assumed the role of Managing Director and Chief Executive and led the company's reformation as Melbana Energy.

Tony Noon Scholarship winner

The 2017 Tony Noon Memorial Scholarship was won by Fernando Perez, a PhD student in chemical and process engineering from the University of Western Australia, for his PhD topic *Experimental analysis and simulation of liquefied natural gas (LNG) weathering and rollover*.

Mr Perez has a Master of Chemical and Process Engineering and has worked for Woodside Energy as a chemical and process engineer.

His research focused on using a laboratory boil-off gas apparatus to mimic the conditions of an LNG vessel. The researcher collected experimental data to use in creating an accurate model capable of reliably predicting boil-off gas rates and other phenomena related to 'rollover'.

The outcomes from the measurements will allow chemical and process engineers to better predict boil-off gas and rollover phenomena, which would reduce the cost of LNG transportation and storage and would help improve safety.

The Tony Noon Memorial Scholarship is aimed at assisting students who are aspiring to a career in the upstream petroleum industry. It provides a one-off grant to the value of \$3000.



TONY NOON RECIPIENT FERNANDO PÉREZ WITH BRUCE LAKE



BURE ENERGY ENVIRONMENT EXCELLENCE AWARD ACCEPTED BY KRIS WADDINGTON

The Safety Excellence and Environment Excellence Awards are given to APPEA full members for displaying organisational excellence and are presented at APPEA's annual conference.

Safety Excellence Award winner: Woodside Energy

Woodside Energy won APPEA's 2018 Safety Excellence Award, which recognises an outstanding contribution to safety leadership, performance and new systems and technologies and in the Australian oil and gas industry.

Woodside has a wide range of assets at varying lifecycle changes. It is emphasising process safety and asset management to manage integrity across its portfolio to prevent a loss of containment.

Woodside is applying IBM's advanced data science system—Watson—to health, safety, environment and quality management.

Woodside has developed one of the world's largest commercial applications of the Watson system.

Its Watson for HSEQ project is an intelligent data analysis and visualisation service that can be used to quickly discover patterns and meaning in data sets. This lets users extract valuable insights from more than 30 years of corporate knowledge.

Environment Excellence Award winner: Buru Energy

Judges of the 2018 APPEA Environment Excellence Award said Buru Energy's winning 'Kimberley Bilby Initiative' was a notable example of the company's culture of environmental protection.

The entry highlighted Buru's commitment to the safe and environmentally responsible development of the Canning Basin's oil and gas resources.

The Canning is one of few Australian regions with a healthy population of the Greater Bilby. Buru works to ensure its operations do not harm the bilbies, and its initiative makes an important contribution to zoology and environmental science by filling gaps in knowledge about this threatened marsupial.

When looking to expand its bilby surveys and research, Buru decided that partnering with a university was the best way to maximise value for all stakeholders.

From 2014–17, Buru co-funded a Murdoch University PhD research project. This research added to knowledge of Canning bilbies' diet, habitat use and movement patterns as well as their role in the local ecosystem.

APPEA MEMBERSHIP AT 30 JUNE 2018

FULL MEMBERS

Arrow Energy Limited	Finder Exploration Pty Ltd	OMV New Zealand Ltd
Australia Pacific LNG	Hancock Prospecting Pty Ltd	Origin Energy Ltd
Beach Energy Ltd	Hess Exploration Australia Pty Ltd	Pangaea Resources
BHP Billiton Petroleum Pty Ltd	Icon Energy Ltd	Papuan Oil Search Ltd
Bounty Oil & Gas NL	INPEX Ichthys Pty Ltd	Petronas Australia Pty Ltd
BP Developments Australia Pty Ltd	Japan Australia LNG (MIMI) Pty Ltd	PTTEP Australasia
Bridgeport Energy Ltd	JX Nippon Oil & Gas Exploration Corporation	A Part of the PTTEP Group
Buru Energy Ltd	Karoon Gas Australia Ltd	Quadrant Energy Pty Ltd
CalEnergy Resources (Australia) Ltd	KUFPEC Australia Pty Ltd	Roc Oil Company Ltd
Carnarvon Petroleum Ltd	Latent Petroleum Pty Ltd	Santos Ltd
Central Petroleum Ltd	MC Resources Australia (MCRA)	Senex Energy Ltd
Chevron Australia Pty Ltd	Melbana Energy Ltd	Shell Australia Pty Ltd
Comet Ridge Ltd	Mineral Resources Ltd	Strike Energy Ltd
ConocoPhillips Australia Pty Ltd	Mitsui E&P Australia Pty Ltd	Tap Oil Ltd
Cooper Energy Ltd	Murphy Australia Oil Pty Ltd	Tokyo Timor Sea Resources Pty Ltd
Cue Energy Resources Ltd	Neptune Energy Bonaparte Pty Ltd	Total E&P Australia
Emperor Energy Ltd	Nido Petroleum Ltd	Tri-Star Petroleum Company
Eni Australia Ltd	Northern Oil & Gas Australia Pty Ltd	Vermilion Oil & Gas Australia Pty Ltd
Equinor Australia B.V	Norwest Energy N.L	Woodside Energy Ltd
ExxonMobil Australia	Octanex Ltd	



KARRATHA GAS PLANT | COURTESY WOODSIDE

ASSOCIATE MEMBERS

Accenture	Croomo	KBR	Schlumberger Australia Pty Ltd
Access Human Talent Pty Ltd	Cummins South Pacific	KPMG	School of Engineering, Deakin University
ACEPT-Challenger Institute of Technology	Curtin University	Lochard Energy	School of Petroleum Engineering
Acting Consulting Training Australia	Dare Contract Services	LogiCamms	Sealink International
Acutec Systems Ltd	Deep Sea Mooring	McConnell Dowell Constructors (Aust) Pty Ltd	Searcher Seismic Pty Ltd
AECOM Australia Pty Ltd	Deloitte Touche Tohmatsu	McDermott	Siemens
Aggreko	DNOW Australia Pty Ltd	McKinsey & Company	SMEC Australia Pty Ltd
Allens	DNVGL	Minter Ellison	Spectrum Geo Pty Ltd
AMC Management (WA) Pty Ltd	DownUnder GeoSolutions Pty Ltd	Modec Management Services Pty Ltd	Subsea 7 Australia Contracting Pty Ltd
Amspec Australia Pty Ltd	EcOz Environmental Consulting	Monash University (Department of Chemical Engineering)	Surepipe
ANZ Banking Group Ltd	EDG Australia Pty Ltd	MPC Group	Synertec Pty Ltd
ARC Well Equipment	EIG Global Energy Partners	Mumford Commercial Consulting Pty Ltd	TechnicFMC
Archimedes Financial Planning P/L	Enerflex Services Pty Ltd	NALCO Champion	Teekay Shipping (Australia) Pty Ltd
Arthur J. Gallagher	EnergyQuest	Neptune Marine Services Ltd	Tellus Holdings Ltd
Aspermont Ltd	EnerMech	NETZSCH Australia Pty Ltd	Tenaris Global Services Australia Pty Ltd
Atteris	Ensign International Energy Services	Nova Systems	TGS-NOPEC Geophysical Company Pty Ltd
Atwood Oceanics	Environmental Resources Management Australia Pty Ltd (ERM)	OSD Pty Ltd	The Boston Consulting Group Pty Ltd
Aventus Consulting	ERGT Australia Pty Ltd	P&R Geological Consultants Pty Ltd	The University of Western Australia (UWA)
BNJ Consultants Pty Ltd	Ernst & Young	Palantir Australia Pty Ltd	Toll Energy Logistics Pty Ltd
BOC Ltd	Fluor Australia Pty Ltd	Payne Partners Pty Ltd	Toowoomba and Surat Basin Enterprise
Broadspectrum	Fugro Australia Marine Pty Ltd	Peroni Pumps Australia Pty Ltd	Upstream Production Solutions
Bureau Veritas Australia	Gas Today	Petroleum Exploration & Production Association of New Zealand	Valmec Limited
CAC Gas & Instrumentation Pty Ltd	Gasco Pty Ltd	Golder Associates Pty Ltd	Veolia Environmental Services
Calsep Asia Pacific Sdn Bnd	GHD	Halliburton Australia Pty Ltd	Veritas Engineering
Cape Australia Onshore Pty Ltd	IFAP (Industrial Foundation for Accident Prevention)	Hatch Pty Ltd	Western Australian Energy Research Alliance (WA:ERA)
Cardno Ltd	IHS Australia Pty Ltd	Herbert Smith Freehills	Wild Geese International
CareFlight International	Innova Global	Interwell Australia Pty Ltd	Wood Mackenzie (Australia) Pty Ltd
Charles Darwin University NACOG	Institute of Chemical Engineers	Jacobs Group (Australia) Pty Ltd	WorleyParsons Services Pty Ltd
Chicago Bridge & Iron Company NV	Intertek	Jemena	Xodus Group
Clayton Utz	Interwell Australia Pty Ltd	RSM Bird Cameron—Chartered Accountants	Yokogawa Australia Pty Ltd
Clifford Chance	Jacobs Group (Australia) Pty Ltd	Rystad Energy	
Clough Ltd	Jemena		
Contract Resources Pty Ltd	Jet Financial Pty Ltd		
Cooperative Research Centre for Greenhouse Gas Technologies (CO2CRC)			
Core Energy Group Pty Ltd			

MANAGEMENT AND STAFF

APPEA has about 25 staff working in a range of areas including policy, events, administration and communications.

The organisation's head office is in Canberra with offices in Perth, Brisbane, Darwin, Adelaide and Melbourne.

Leadership team

Malcolm Roberts

Chief Executive

Dr Roberts was previously Chairman of the Queensland Competition Authority. He has held senior roles at several industry associations and has worked as a ministerial policy adviser and in the Department of the Prime Minister and Cabinet.

Noel Mullen

Deputy Chief Executive

Noel is responsible for APPEA's commercial, fiscal and access policy and advocacy. He was previously a senior officer in the Department of Primary Industries and Energy's petroleum division.

Stedman Ellis

Chief Operating Officer – Western Australia

Stedman leads APPEA's WA policy, regulation and advocacy work, and has a senior role in APPEA's national work on stakeholder engagement and access to resources. He has held several senior government and industry roles.

Matthew Doman

Director – External Affairs and South Australia/Northern Territory

Matthew is a former journalist and press secretary to Federal Cabinet ministers. He has also held senior corporate affairs roles at Santos and has worked closely with industry, government and regional communities.

Damian Dwyer

Director — Economics

Damian is responsible for APPEA's economic, trade, climate and energy markets analysis and policies. He was previously an economist at another industry association and in the Australian Public Service.

Julie Hood

Director – Events and Member Relations

Julie is responsible for delivering quality oil and gas events directly for the Association and its members. A key emphasis is the main conference and exhibition. Julie is also responsible for managing member relations.

Cath Sutton

Company Secretary and Director – Support Services

Cath heads APPEA's finance and administrative team. She was previously Chief Financial Officer at the Real Estate Institute.

Rhys Turner

Director – Queensland

Rhys is a corporate affairs professional with experience in federal and state government, industry associations and public affairs.

Sarah Browne

Director – Communications

Sarah is responsible for APPEA's broader community and stakeholder engagement program. Previously a senior advisor to a number of premiers and ministers, Sarah has also most recently worked with a global consultancy specialising in public affairs campaigns.

Ashley Wells

Director – Federal Government Relations

Ashley has 20 years of experience in the public and private sectors, including senior roles in business, industry associations and federal politics. He has worked for senior ministers and shadow ministers and most recently was the policy director for the Federal Chamber of Automotive Industries.

FINANCIAL STATEMENTS

Statement of Comprehensive Income for the year ended 30 June 2018

	2018 \$	2017 \$
Revenue		
Conferences and seminars income	4,687,848	4,605,194
Common Safety Training program	150,938	145,747
Community Advocacy & Information Program (CAIP)	412,581	-
CSG/ILG public campaigns – Queensland	1,070,945	501,917
IchemE Process Safety Centre project	160,000	271,453
Interest	314,351	207,780
Marine Environment Science Program	128,261	364,229
Membership fees	5,633,121	5,740,518
Publications	30,702	137
Other income	90,229	172,181
	12,678,976	12,009,156
Expenditure		
Auditor's remuneration	18,245	18,765
CEO program	110,255	32,102
Conferences and seminars expenditure	3,030,634	2,966,340
Communications	77,519	82,440
Community Advocacy & Information Program (CAIP)	412,581	-
CSG/ILG public campaigns – Queensland	1,070,945	501,917
Depreciation of plant and equipment	88,198	86,303
Education and professional development	-	136
Fiscal and corporate program	-	342,887
IchemE Process Safety Centre project	152,000	206,625
Marine Environment Science Program	128,261	364,229
Office rental	549,464	551,182
Other costs	533,662	418,117
Publications	22,831	22,529
Running costs	465,657	385,982
Salaries and associated costs	4,883,282	4,414,579
Superannuation	349,068	360,567
Travel and associated costs	188,787	167,091
	12,081,389	10,921,791
Surplus for the year	597,587	1,087,365
Total comprehensive income	597,587	1,087,365

FINANCIAL STATEMENTS

Statement of Financial Position as at 30 June 2018

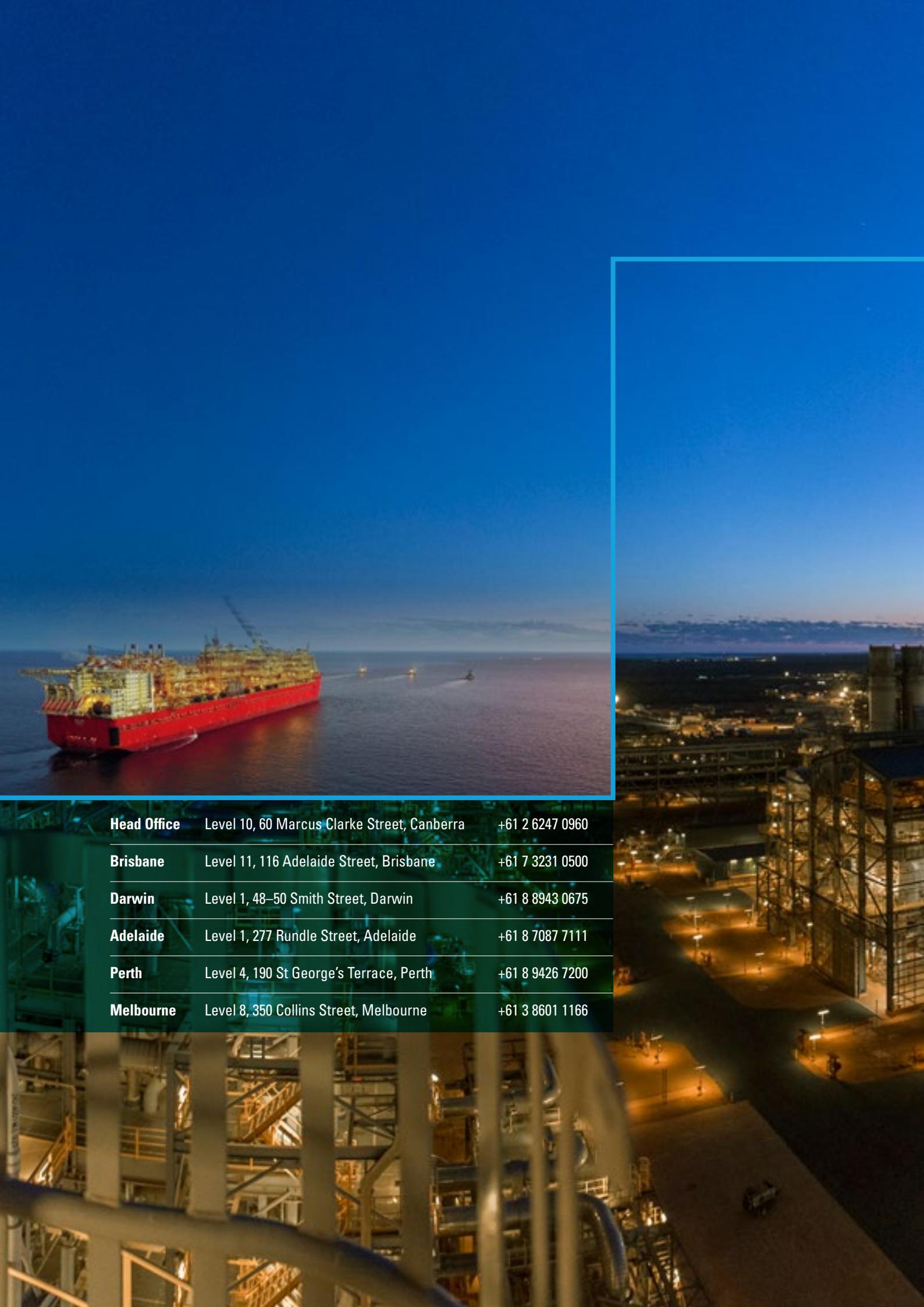
	2018 \$	2017 \$
Current assets		
Cash and cash equivalents	4,830,504	3,497,277
Trade and other receivables	1,066,918	713,519
Other	427,390	365,220
Other financial assets	9,712,373	9,720,182
TOTAL CURRENT ASSETS	16,037,185	14,296,198
Non-current assets		
Property, plant and equipment	212,645	201,322
TOTAL NON-CURRENT ASSETS	212,645	201,322
TOTAL ASSETS	16,249,830	14,497,520
Current liabilities		
Trade and other payables	598,840	885,222
Provisions	911,778	652,452
Other liabilities	2,760,915	1,579,136
TOTAL CURRENT LIABILITIES	4,271,533	3,116,810
Non-current liabilities		
Other	200,000	200,000
TOTAL NON-CURRENT LIABILITIES	200,000	200,000
TOTAL LIABILITIES	4,471,533	3,316,810
NET ASSETS	11,778,297	11,180,710
Accumulated funds		
Accumulated surplus	11,778,297	11,180,710
TOTAL ACCUMULATED FUNDS	11,778,297	11,180,710

Statement of Changes in Equity for the year ended 30 June 2018

	2018 \$	2017 \$
Opening balance	11,180,710	10,093,345
Add: Total comprehensive income for the year	597,587	1,087,365
Closing balance	11,778,297	11,180,710

Statement of Cash Flows for the year ended 30 June 2018

	2018 \$ Inflows/ (Outflows)	2017 \$ Inflows/ (Outflows)
Cash flows from operating activities		
Receipts from members and others	14,920,335	17,466,489
Payments to trade creditors, other suppliers and employee	(13,784,488)	(9,736,739)
Interest received	289,093	105,876
Net cash provided by / (used in) operating activities	1,424,940	7,835,626
Cash flows from investing activities		
Payments for property, plant and equipment	(99,522)	(22,985)
Net (payments) / receipts for investments	7,809	(5,050,334)
Net cash provided by / (used in) investing activities	(91,713)	(5,073,319)
Net increase / (decrease) in cash held	1,333,227	2,762,307
CASH AT THE BEGINNING OF THE FINANCIAL YEAR	3,497,277	734,970
CASH AT THE END OF THE FINANCIAL YEAR	4,830,504	3,497,277



Head Office	Level 10, 60 Marcus Clarke Street, Canberra	+61 2 6247 0960
Brisbane	Level 11, 116 Adelaide Street, Brisbane	+61 7 3231 0500
Darwin	Level 1, 48–50 Smith Street, Darwin	+61 8 8943 0675
Adelaide	Level 1, 277 Rundle Street, Adelaide	+61 8 7087 7111
Perth	Level 4, 190 St George's Terrace, Perth	+61 8 9426 7200
Melbourne	Level 8, 350 Collins Street, Melbourne	+61 3 8601 1166