June 2021

Gaslighting

How APPEA and its members continue to oppose genuine climate action

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Executive Summary

The Australian Petroleum Production and Exploration Association (APPEA) is the peak body representing Australia's oil and gas industry. APPEA is one of Australia's most powerful lobby groups, and has been enormously effective throughout the COVID-19 pandemic.

This briefing aims to illuminate APPEA's activities and the political influence it has cultivated in Australia in recent years. This influence, in ACCR's assessment, runs counter to the stated interests of institutional investors in many of APPEA's member companies, in seeking to reduce emissions with the Paris Agreement's goal of limiting global warming to well below 2°C.

While many of Australia's trading partners are investing heavily in the energy transition, Australia is in the throes of a so-called 'gas-fired recovery'. At the time of writing, the Australian government had announced or committed nearly AU$2 billion in subsidies for exploration, spending on infrastructure for the industry, and incentives for technological fixes that will largely benefit the gas industry. APPEA explicitly takes credit for this set of policies. A once-in-a-generation opportunity for government to engage in future-defining spending has been squandered on an industry that must imminently enter a phase of decline.

The International Energy Agency's (IEA) landmark Net Zero by 2050 report, released in May 2021, recommends an almost immediate end to new oil and gas development if we are to have an even chance of meeting the Paris Agreement's temperature goal. APPEA has a long history of opposing any climate policy that impedes the growth of Australia's oil and gas industry.

Despite its notional support for net zero emissions by 2050, APPEA and its members remain serious obstacles to ambitious and effective national climate policy:

- APPEA continues to oppose climate policy where such policy may impede the growth of the oil and gas industry;
- APPEA claims Australian LNG exports are reducing global emissions, without evidence, while overlooking the actual emissions footprint of those LNG exports;
- APPEA's net zero commitment excludes the Scope 3 emissions from LNG exports, which are far greater than the industry's total domestic emissions;
- APPEA continues to lobby for a rapid expansion of the oil and gas industry, despite the major buyers of Australian LNG—Japan, Korea and China—committing to net zero emissions by mid-century;
- The substantial increase in Australia's LNG exports since 2015 is one of the primary reasons Australia's domestic emissions are not declining, despite significant decreases in emissions in the electricity sector;

- Over the last three years, APPEA has significantly increased its spending on public communications and advertising campaigns extolling the virtues of gas, especially in the home, as the gas industry faces the threat of electrification.

APPEA's influence has increased dramatically with the growth of the LNG export industry, putting it alongside the coal and iron ore industries in terms of political clout. APPEA's influence is cemented through relationships with both major Australia's political parties, high level access to policy-makers, and the revolving door of staff among APPEA, its members and government offices.

For Australia's future, and for the planet, the stakes could not be higher. Climate-aware investors in APPEA's member companies must now assertively seek to curtail lobbying that is inconsistent with limiting global warming to well below 2°C.

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About APPEA

Membership

As of May 2021, APPEA had 56 full members and 119 associate members.[1] Full members are typically upstream oil and gas companies, while associate members are typically service providers to the oil and gas industry, including consultants and financial services providers.

Of APPEA's 56 full members:

- Six are ASX-listed companies in the benchmark S&P/ASX200 index (Beach Energy, BHP Group, Oil Search, Origin Energy, Santos and Woodside Petroleum);
- 21 are ASX-listed small caps;
- 13 are foreign subsidiaries, including oil majors BP, Chevron, ConocoPhillips, ExxonMobil and Royal Dutch Shell;
- 13 are private companies;
- Three are joint ventures.

At least ten members of APPEA are targets of the investor-led Climate Action 100+ initiative,[2] whose signatories are responsible for managing US$54 trillion in assets.

APPEA's board consists of 16 directors, made up of senior executives of Australian-domiciled companies or country heads of foreign subsidiaries. The CEO of Santos, Kevin Gallagher, is the current Chair, and the Managing Director of Senex Energy, Ian Davies, is the Vice Chair.

APPEA also has an advisory board whose members are not disclosed, though Martin Ferguson, former Resources and Energy Minister in the Rudd and Gillard governments, is its Chair.[3]

Revenue

In 2019-20, APPEA earned revenue of $8.1 million, which was down 32% from its 2018-19 revenue of $11.9 million, largely as a result of the COVID-19 pandemic. In 2018-19, APPEA earned $4.8 million from 'Conferences and seminars', which contributed 41% of its total revenue. However, in 2019-20, the annual APPEA conference was cancelled due to the pandemic.

APPEA no longer publishes its latest annual report on its website; it ceased doing so some time after the 2017-18 financial year.[4] ACCR therefore acquired reports from the Australian Securities and Investments Commission (ASIC). Details from APPEA's 2018-19 and 2019-20 annual reports are provided in **Table 1**.

ACCR understands that membership fees are based on revenue/oil and gas production (mmboe), similar to the Minerals Council of Australia (MCA), rather than a flat fee structure like the Business Council of Australia (BCA).

[1] https://www.appea.com.au/about/membership/
[2] https://www.climateaction100.org/whos-involved/companies/
[3] https://www.appea.com.au/all_news/martin-ferguson-appointed-chair-of-appea-advisory-board/
[4] https://www.appea.com.au/media/media-publications/annual-reports-2/

Table 1. Selected items from APPEA's Statements of Comprehensive Income, 2018-20

Revenue	2018	2019	2020
Conferences and seminars	4,687,848	4,835,129	302,029
Membership fees	5,633,121	5,589,727	5,846,852
Other income	2,358,007	1,508,951	1,984,952
Total	**12,678,976**	**11,933,807**	**8,133,833**

Expenditure	2018	2019	2020
Brighter Community Advocacy & Information Program	412,581	2,513,914	2,737,708
Conferences and seminars expenditure	3,030,634	2,934,626	826,284
Salaries and associated costs	4,883,282	5,852,788	6,062,513
Other expenditure	3,754,892	3,123,291	3,545,742
Total	**12,081,389**	**14,424,619**	**13,172,247**
(Deficit)/Surplus for the year	**597,587**	**(2,490,812)**	**(5,038,414)**

Source: ASIC

The increase in expenditure on the 'Brighter Community Advocacy & Information Program' since 2018 is significant. Expenditure on Brighter (sometimes called 'Bright-r') increased six-fold between 2018 and 2019, and increased a further 9% between 2019 and 2020. The Brighter program is discussed below.

In 2018-19, political campaigners (organisations that incur expenditure above certain thresholds seeking to influence voters in election campaigns) were required to lodge returns with the Australian Electoral Commission (AEC) for the first time.[5] The AEC published those returns in January 2021, which included details of member contributions, including those made to the BCA and the MCA. APPEA's lack of registration as a political campaigner with the AEC, and its consequent non-disclosure of detailed returns may be worthy of further consideration, particularly given the significant spending by APPEA on its Bright-r and other community advocacy campaigns throughout the 2019 federal election campaign.

Staff

APPEA is led by CEO Andrew McConville, formerly of global agribusiness Syngenta and the Australian Wheat Board. Damian Dwyer, formerly of the Minerals Council of Australia, is the Deputy Chief Executive.

According to LinkedIn, APPEA has somewhere between 25 and 30 staff, with offices in Brisbane, Canberra, Melbourne and Perth. APPEA notably closed its Adelaide office in July 2020[6] and its South Australia representative, Matthew Doman, subsequently left the organisation.

[5] https://transparency.aec.gov.au/AnnualPoliticalCampaigner
[6] Cameron England, 'The primary oil and gas lobby group has shuttered its Adelaide office, while energy is the focus of other new entrants', Adelaide Now, 6 July 2020

Revolving doors

Some of APPEA's ability to influence policy and regulatory settings depends on relationships. A review of information available on LinkedIn[7], relating to roles held over time by current and former APPEA staff and advisers, demonstrates a high degree of movement of APPEA staff to and from both major political parties and other industry associations. For example:

- The Chair of APPEA's Advisory Board is former Labor Resources and Energy Minister, Martin Ferguson.
- Director of Government Relations, Ashley Wells is a former staffer to Labor MPs Stephen Smith and Kevin Rudd.
- Director of Public Affairs, Sarah Browne is a former staffer to Victorian Liberal Premier Denis Napthine.
- Director - Western Australia, Claire Wilkinson is a former staffer to Liberal Resources Minister Ian Macfarlane.
- Former External Affairs Director Kieran Murphy is now a senior adviser to Western Australia Labor Premier Mark McGowan.
- Former CEO Dr Malcolm Roberts (2015-18) was appointed to the Productivity Commission in April 2019 shortly before the federal election.[8]
- Former CEO David Byers (2011-15) subsequently worked for the Minerals Council of Australia.
- Former CEO Belinda Robinson (2005-2011) was a former staffer to Liberal Prime Minister John Howard.

Political donations

In 2018-19 (a federal election period), APPEA made political donations of $161,659 split between the Australian Labor Party, the Liberal Party and the Nationals Party. In 2019-20, its political donations totalled $83,309.[9]

Strategy

According to its 2019-20 annual report, APPEA's principal activity is to "promote a regulatory and policy framework that supports the operation and development of the Australian upstream oil and gas industry".[10] APPEA explains its strategy as follows:[11]

> "Our strategy is intended to help guide sensible policy development in the key areas of:
>
> - improving fiscal settings to attract investment;
> - reducing and streamlining environmental regulation to reduce costs and attract investment;
> - promoting and supporting exploration to access Australia's vast oil and gas reserves;

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[7] https://www.linkedin.com/company/australian-petroleum-production-&-exploration-association-appea-/people/

[8] https://ministers.treasury.gov.au/ministers/josh-frydenberg-2018/media-releases/productivity-commission-appointments

[9] https://transparency.aec.gov.au/AnnualDonor

[10] APPEA, Annual Report 2019-20, p7

[11] APPEA, Annual Report 2019-20, p2

- improving stability in regulation to simplify approval processes and promote more development;
- promoting and supporting the efficient economic operation of open and competitive gas markets."

In other words, in order to maximise oil and gas production, governments should: minimise taxes (fiscal settings), regulation (reduce costs) and government intervention in gas markets; fast-track approvals (attract investment); and, open as much land as possible to oil and gas exploration. APPEA sees no reason, climate or otherwise, to constrain the growth of the oil and gas industry in Australia.

It is unsurprising that APPEA's strategy does not yet factor in commitments by the largest buyers of Australian LNG to substantial emissions reductions by 2030 and net zero emissions by mid-century (see **Table 2**), given these commitments were announced since the publication of APPEA's 2019-20 annual report. These targets will likely see a significant decline in demand for Australian LNG.

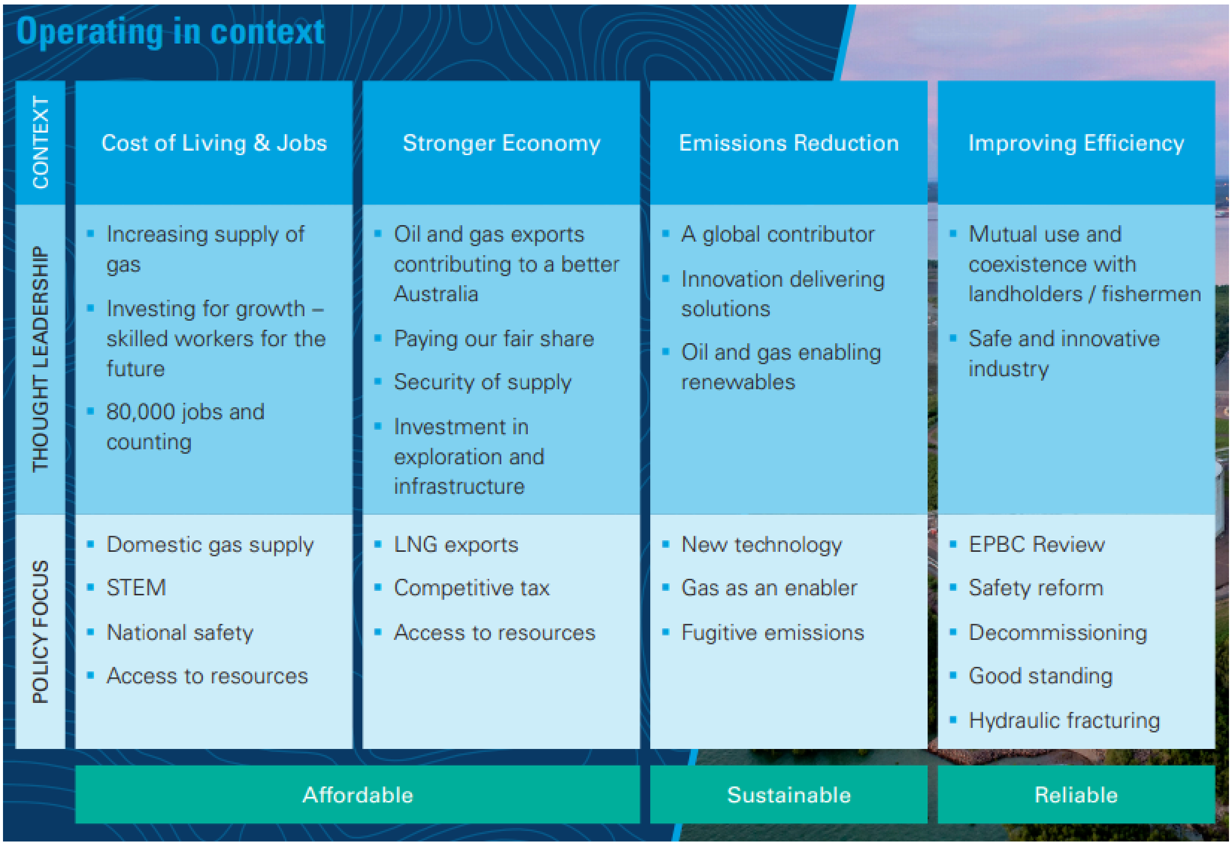
Table 2. Emissions reduction targets of the major buyers of Australian LNG[12]

Country	Short- to medium-term	Long-term
China	Peak carbon emissions before 2030 Non-fossil share: 25% in 2030	Carbon neutrality before 2060
Japan	46% below 2013 by 2030	Net zero by 2050
Republic of Korea	37% below BAU by 2030	Net zero by 2050

APPEA's strategy is also well captured in **Figure 1** below, taken from 'Energy for a Better Australia, Strategic Direction, 2020-22'.[13] In its 2019-20 annual report, APPEA declared that "thought leadership is strategically very important because it helps bring to life the policy outcomes we need to achieve."[14]

[12] https://climateactiontracker.org/countries/
[13] https://appea.com.au/wp-content/uploads/2020/06/APPEA-Strategic-Direction_2020-22-final.pdf
[14] APPEA, Annual Report 2019-20, p2

Figure 1. APPEA's Strategic Direction 2020-2022



Source: APPEA, Energy for a Better Australia, Strategic Direction, 2020-22

In recent months, APPEA has referred repeatedly to an EY report, which it commissioned, to claim that under the right investment settings, "the oil and gas sector could provide a $350 billion boost to the economy and more than 220,000 jobs over the next two decades."[15] These numbers should be called into question, given the cost of the seven LNG terminals built in the last decade was $200 billion[16] and the oil and gas sector currently employs just 25,000 people.[17]

The growth of the LNG industry since 2010 is one of the primary reasons Australia's domestic emissions are not declining, despite significant reductions in emissions in the electricity sector. **Figure 2**, below, demonstrates that the growth in emissions from 'Stationary energy excluding electricity' and 'Fugitive emissions', particularly since 2015, is almost entirely due to the growth of the LNG export industry.[18]

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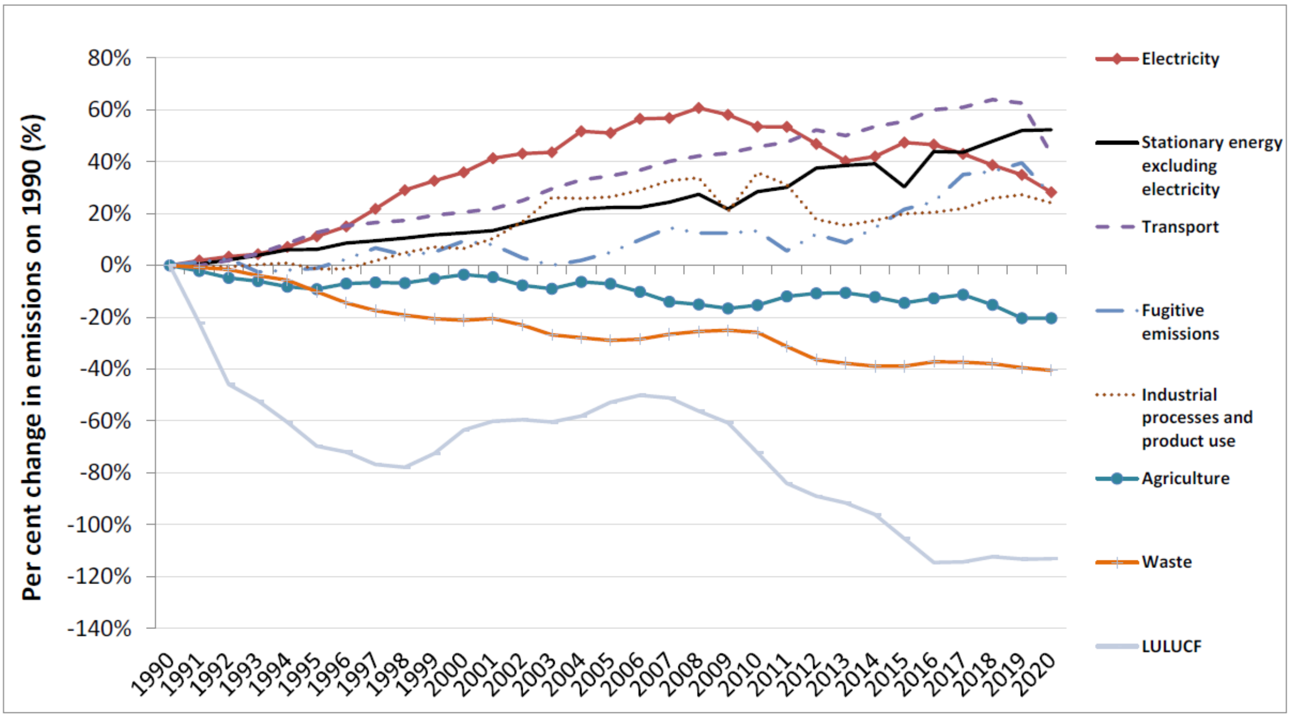
[15] https://www.appea.com.au/wp-content/uploads/2020/11/EY-Report-Australias-oil-and-gas-industry-Kickstarting-recovery-from-COVID-19.pdf

[16] https://www.bloomberg.com/news/articles/2020-09-04/australia-s-200-billion-lng-boom-waylaid-by-covid-and-cracks

[17] https://australiainstitute.org.au/wp-content/uploads/2021/02/P1012-Gas-job-cuts-WEB.pdf

[18] Australian Government Department of Industry, Science, Energy and Resources, Quarterly Update of Australia's National Greenhouse Gas Inventory: December 2020.

Figure 2. Percentage change in emissions, by sector, since year to December 1990



Source: Department of Industry, Science, Energy and Resources

APPEA's advocacy generally ignores emissions across the LNG lifecycle, and the impact that the growth of the LNG export industry has had on Australia's domestic emissions, focusing instead on the differential between emissions from coal and gas when burned to produce electricity.

The 'avoided emissions' narrative through 'gas displacing coal' is not new. In October 1998, then Woodside Environmental Approvals Coordinator Steve Waller argued that Woodside should be allowed to increase its emissions "for the global good", on the assumption that Woodside's LNG exports were displacing more emissions intensive fuels elsewhere. Waller said "we believe LNG is part of the solution rather than the problem".[19] Little has changed in the gas industry's rhetoric since.

APPEA and the wider oil and gas industry have persisted over decades with the questionable claim that Australian gas is displacing or will displace coal in electricity generation in Asia, and the even more questionable hypothesis that increased Australian LNG production is reducing global emissions.

APPEA has repeatedly claimed that the impact of coal-to-gas switching for electricity generation using Australian LNG exports reduces emissions "by about 170 million tonnes each year".[20] This claim appears to be taken from the Australian Government's Department of Industry, Science, Energy and Resources' 'Australia's emissions projections 2020' report.[21] Responding to a question on notice from Senator Sarah Hanson-Young in Senate Estimates in February 2019, the Department simply assumed that every tonne of

[19] The West Australian, 'Greenhouse plea on gas: Woodside launches case for doubling LNG production', 27 October 1998

[20] https://www.appea.com.au/all_news/media-release-arena-act-changes-put-oil-and-gas-in-drivers-seat-as-truth-about-international-energy-report-revealed/

[21] Australian Government Department of Industry, Science, Energy and Resources, 'Australia's emissions projections 2020', 2020, p36

LNG exported from Australia displaced the coal required to produce the same amount of energy in destination markets.[22] They provided no evidence that this was actually the case.

In 2019, Australian National University academics Frank Jotzo and Salim Mazouz described these estimates as "wrong and unfounded".[23] They argued that "the assumption that every unit of Australia's exported gas displaces coal is silly… the real number would be much smaller, and there could even be an increase in emissions as a result of LNG exports."[24] They estimated that even under the most optimistic scenario, Australian LNG exports may displace just 10 million tonnes of CO_2e per year, but a complete analysis of global effects would need to take into consideration the emissions incurred in Australia to produce those LNG exports.[25]

ACCR estimates that Australia's LNG exports of 79 million tonnes in 2019-20 produced approximately 247 million tonnes CO_2e (see **Table 3**) in export markets, or nearly half of Australia's annual domestic emissions. This figure includes emissions from the entire lifecycle outside of Australia: transport, regasification, distribution and combustion.

Table 3. Estimate of Scope 3 emissions from Australia's LNG exports, 2019-20

LNG exports 2019-20	79 million tonnes
Emissions factor	3.13 kg CO_2e/kg LNG[26]
Total Scope 3 emissions	**247.27 million tonnes CO_2e**

While APPEA has attempted to take credit for LNG exports reducing emissions in Asia, most of its members have steadfastly refused to set targets for their Scope 3 emissions. BP is the only member of APPEA that has committed to reducing its Scope 3 emissions in the short- to medium-term.[27]

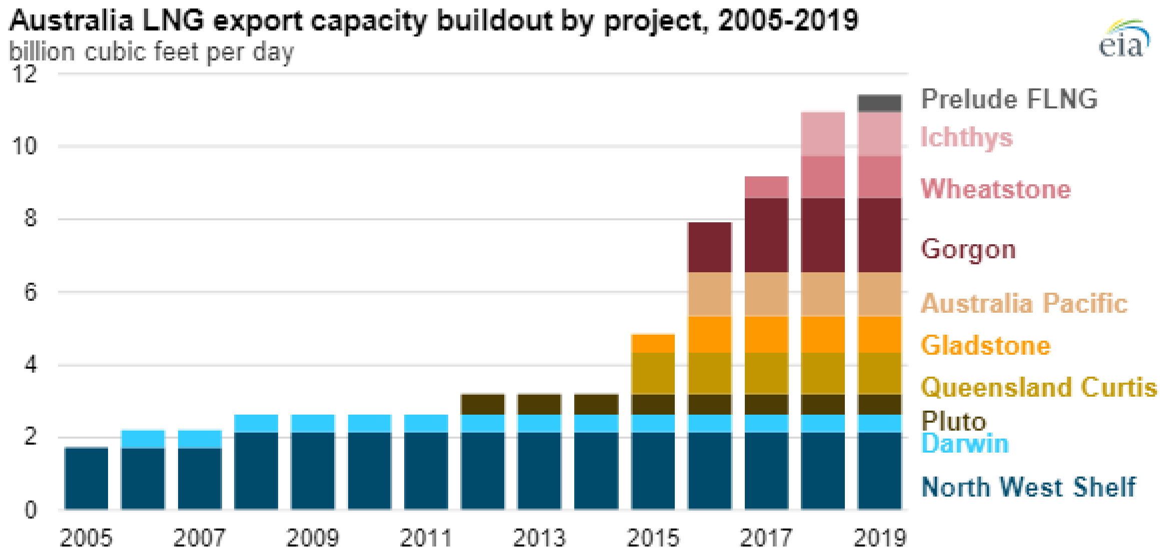
While gas-fired electricity is of a lower emissions intensity than coal-fired electricity (even though the lifecycle emissions of gas put this climate benefit into question), it is not zero emissions. The implication of the 'avoided emissions' claim, that LNG is competing solely or even primarily, with high emissions coal becomes more questionable by the day, as viable alternatives to gas combustion in electricity generation, domestic cooking and heating, and light transport become widely available.

[22] https://www.aph.gov.au/api/qon/downloadattachment?attachmentId=d8d26809-5dd6-4556-a4bb-67e83002a115
[23] https://theconversation.com/australias-energy-exports-increase-global-greenhouse-emissions-not-decrease-them-118990
[24] ibid.
[25] ibid.
[26] Woodside Petroleum Ltd, North West Shelf Project Extension - Environmental Review Document, December 2019, p112
[27] https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bernard-looney-announces-new-ambition-for-bp.html

Influence

APPEA's increasing political influence has correlated with a significant increase in the growth of the LNG export industry. Seven LNG export terminals were constructed in Australia in the last decade (see **Figure 4**). According to the Department of Industry, Australia exported 79 million tonnes of LNG in 2019-20 making Australia the largest exporter of LNG in the world.[28] LNG exports earned $48 billion in revenue in 2019-20.[29] As the industry has grown, so too has APPEA's influence and the attention the industry commands from governments.

Figure 4. The growth of Australian LNG export terminals, 2005-19



Source: US Energy Information Administration

APPEA publishes a comprehensive record of its achievements, and projects a reputation of significant political and policy influence. In 2019-20, APPEA documented a number of accomplishments in which it was involved, including:[30]

- Progressing regulatory reforms, with a view to streamlining approvals, i.e. the EPBC Act;
- Accelerating gas supplies from the Northern Territory;
- Lifting of the moratorium on onshore gas development in Victoria, and the recommencement of exploration in the Northern Territory;
- Revision of the WA EPA's greenhouse gas environmental guidelines;
- Recognition of fossil gas as "a critical fuel for many decades to come… including by the Australian government as a part of its post-COVID-19 pandemic economic recovery plan";
- "Championed the role of natural gas as part of a cleaner energy future", including in the Australian government's 'Technology Investment Roadmap';

[28] https://publications.industry.gov.au/publications/resourcesandenergyquarterlymarch2021/documents/Resources-and-Energy-Quarterly-March-2021.pdf
[29] ibid.
[30] APPEA, Annual Report 2019-20, p7-8

- "Advocated on the role of natural gas in reducing global greenhouse gas emissions... This is now a core part of the Australian Government's narrative on the role of the industry".

In a speech coinciding with the announcement of his government's plans for a "gas-fired recovery", Prime Minister Scott Morrison delivered a resounding pro-gas narrative:[31]

> ***"Cheaper, more abundant gas is the second pillar of our energy plan for COVID recovery. We've got to get the gas."***
>
> - Prime Minister Scott Morrison, 15 September 2020

The real demonstration of the industry's influence, however, was yet to come: massive taxpayer subsidies (see below).

Climate advocacy

The Intergovernmental Panel on Climate Change (IPCC) Special Report on Global Warming of 1.5°C projected that in the absence of carbon capture and storage (CCS), or with only a limited use of fossil fuels with CCS, the share of primary energy provided by gas must decline by 20-25% by 2030, and by 53-74% by 2050 (relative to 2010).[32]

In May 2021, the International Energy Agency (IEA) published its landmark report 'Net Zero by 2050: a Roadmap for the Global Energy Sector', which found that "climate pledges by governments to date—even if fully achieved—would fall well short of what is required to bring global energy-related carbon dioxide (CO_2) emissions to net zero by 2050 and give the world an even chance of limiting the global temperature rise to 1.5°C."[33] The report recommended that in order to reach net zero emissions by 2050, there should be "no investment in new fossil fuel supply projects".[34]

According to UK-based thinktank InfluenceMap, APPEA "has taken positions against the need for stringent regulatory intervention to address climate change and has particularly opposed measures to transition the economy away from fossil fuels."[35] It found that APPEA is "highly engaged with Australian climate change policy", scoring it in the performance band E+ (on a scale of A to F).[36]

In late 2020, InfluenceMap also assessed the advocacy on climate policy of 20 of Australia's largest industry associations. APPEA ranked in the bottom five, scoring -36 on a scale of -100 (negative) to +100 (positive).[37]

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[31] https://www.pm.gov.au/media/national-energy-address-tomago-nsw
[32] IPCC, Special Report on Global Warming of 1.5°C, October 2018
[33] https://www.iea.org/reports/net-zero-by-2050
[34] ibid.
[35] https://influencemap.org/influencer/Australian-Petroleum-Production-Exploration-Association-APPEA/projectlink/Australian-Petroleum-Production-Exploration-Association-APPEA-In-Climate-Change
[36] ibid.
[37] https://influencemap.org/report/Australian-Industry-Groups-And-their-Carbon-Policy-Footprint-c0f1578c92f9c6782614da1b5a5ce94f

In February 2021, APPEA updated its Climate Change Policy Principles[38], which included support for net zero emissions by 2050. However, its net zero commitment did not extend to Scope 3 emissions—those from the oil and gas Australia sells, which are far greater than the operational emissions incurred in Australia. By way of example, in 2018-19, Santos' operational emissions were 8.31 million tonnes CO2e, while its Scope 3 emissions (product use) were 28.6 million tonnes CO2e.[39]

While APPEA's commitment to net zero emissions by 2050 received extensive media coverage, its 'Climate Change Policy Principles' remains a deeply flawed document[40], with the following assertions:

- Polluters should have access to an "unrestricted flow of credible emissions units between international jurisdictions";
- Government should support "pre-commercial/new and emerging low-emissions technologies" (the implication being one of heavy reliance thereupon);
- The implementation of climate policy by the Australian states is objectionable (even if federal policy is inadequate);
- Climate policy should "maintain the competitiveness of Australian trade-exposed industries, such as LNG".

APPEA's Climate Change Policy Principles omit any mention of how its members should reduce their own emissions, instead focusing on offsets and emerging technologies. They do not mention flaring, venting and fugitive emissions—three significant sources of domestic emissions that are entirely within the industry's control. Most importantly, they do not mention Scope 3 emissions—particularly those from product use.

Support for the 'Gas-Fired Recovery'

Throughout 2020, APPEA campaigned heavily for the federal government to prioritise the oil and gas industry in its pandemic recovery efforts.

In May 2020, APPEA published its 'Australia Oil & Gas Industry Outlook Report'[41], which it commissioned from Wood Mackenzie. That report exposed a key goal of the oil and gas industry: to develop uneconomic reserves to prevent LNG export terminals from being stranded.

> ***"We believe that a successful future for Australian oil and gas will consist of developing the currently uneconomic or stranded discovered gas resources that abound through Australia's hydrocarbon regions. Using this gas is vital to extending the economic life and utility of existing gas and LNG infrastructure and thus maximise value from these assets."***
>
> - APPEA, 'Australia Oil & Gas Industry Outlook Report 2020'

[38] https://www.appea.com.au/wp-content/uploads/2021/02/2021-APPEA-Climate-Change-Policy-Principles.pdf
[39] Santos Ltd, Climate Change Report 2020
[40] https://www.appea.com.au/wp-content/uploads/2021/02/2021-APPEA-Climate-Change-Policy-Principles.pdf
[41] https://www.appea.com.au/wp-content/uploads/2020/09/APPEA-Powering-Australias-Recovery.pdf

This is perhaps the starkest admission from APPEA and its members: that without government assistance, reserves and LNG export terminals may be stranded before the end of their economic lives.

In September 2020, APPEA published another report called 'Powering Australia's Recovery' which included identical recommendations to those laid out in its 2019-20 annual report (see Strategy).[42]

That same month, APPEA, along with five other industry associations with an interest in the gas industry, published the 'Gas Vision 2050' report.[43] That report attempted to counter the imminent threat to the gas industry through electrification, by proposing zero emissions hydrogen be blended with methane in existing gas infrastructure.[44]

Also in September 2020, the Prime Minister Scott Morrison and Minister for Energy and Emissions Reduction, Angus Taylor, announced plans for a "gas-fired recovery".[45] At the time, this included the prioritisation of exploration and development in five new gas basins: the Beetaloo Basin in the Northern Territory and the North Bowen and Galilee Basin in Queensland, the Gunnedah Basin in NSW and the Perth Basin in Western Australia.

The total emissions potential from those five gas basins has been estimated at 1,602 million tonnes CO_2e, or over three times Australia's annual emissions of 513 million tonnes CO_2e.[46]

As of May 2021, the Australian government had announced or committed nearly $2 billion to projects that would directly or indirectly benefit the gas industry. Some of the APPEA members that stand to benefit from some of these subsidies are laid out below:[47]

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[42] https://www.appea.com.au/wp-content/uploads/2020/09/APPEA-Powering-Australias-Recovery.pdf
[43] https://www.apga.org.au/gas-vision-2050
[44] ibid.
[45] https://www.pm.gov.au/media/gas-fired-recovery
[46] https://350.org.au/gas-tastrophe-the-climate-impact-of-the-governments-strategic-gas-basins/
[47] https://350.org.au/press-release/gas-cash-will-fuel-climate-crisis-and-line-billionaire-pockets/

Table 4. Taxpayer subsidies to the gas industry, announced 2020-21

Announced	Description	Amount	Who will benefit?
Sep 2020	Unlocking five key gas basins starting with the Beetaloo Basin in the NT and the North Bowen and Galilee Basin in Queensland	$28.3m	Empire Energy Origin Energy Santos
Sep 2020	Beetaloo Basin Cooperative Drilling Grants Program, funding companies to frack gas wells	$50m	Empire Energy Origin Energy Santos
Dec 2020	Northern Territory Gas Industry Roads Upgrades' to enable access to exploration areas	$173.6m	Empire Energy Origin Energy Santos
Apr 2021	Clean hydrogen hubs	$275.5m	Not yet announced
Apr 2021	CCS/CCUS projects and hubs	$263.7m	Santos
Apr 2021	Low emissions technologies	$565.8m	Not yet announced
May 2021	Investment package to "Develop the North" focusing on "corridors of growth"– like the Beetaloo Basin to the Port of Darwin	$111m	Empire Energy Origin Energy Santos
May 2021	Support gas industry field appraisal trials in the North Bowen and Galilee basins	$15.7m	Arrow Energy (Shell & PetroChina) Comet Ridge Galilee Energy Vintage Energy
May 2021	Build the capacity of the Northern Land Council to facilitate land use agreements and drive economic opportunities in the Beetaloo sub basin	$2.2m	Empire Energy Origin Energy Santos
May 2021	Support the development of "hydrogen ready" gas generation infrastructure	$24.9m	Not yet announced
May 2021	Construction of a gas-fired power station at Kurri Kurri, NSW	$600m	Santos

Even after the federal government announced its plans for a "gas-fired recovery", APPEA wanted more, publishing a report called 'Australia's oil and gas industry: kickstarting recovery from COVID-19' in November 2020. It claimed that the "the oil and gas sector could provide a $350 billion boost to the economy and more than 220,000 jobs over the next two decades."[48]

As outlined above (see Influence), APPEA subsequently took credit for the federal government's plans for a "gas-fired recovery" in its 2019-20 annual report.

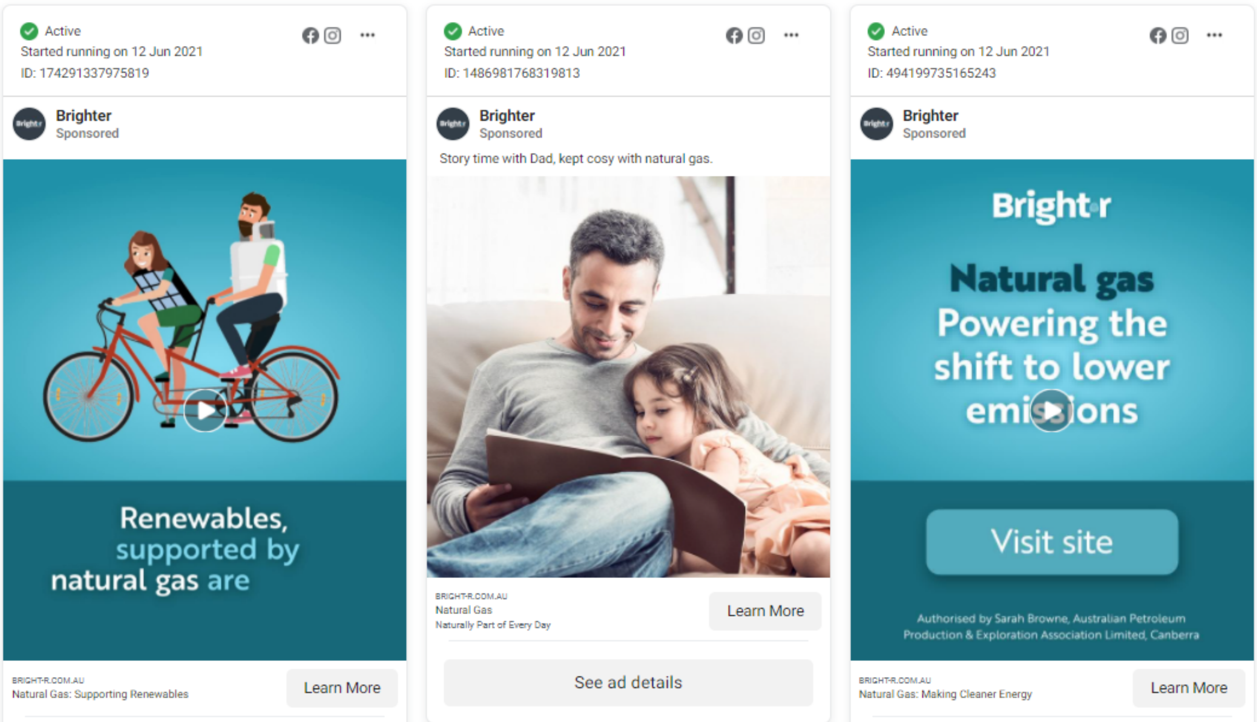
48 https://www.appea.com.au/wp-content/uploads/2020/11/EY-Report-Australias-oil-and-gas-industry-Kickstarting-recovery-from-COVID-19.pdf

Pro-gas advertising

Since his appointment as CEO, Andrew McConville has overseen a six-fold increase in expenditure on its 'Brighter Community Advocacy & Information Program' (see About APPEA). This program has seen APPEA develop a growing online and social media presence, often under the auspices of several, ostensibly independent or separate, entities. These entities are all owned and managed by APPEA, and promote its messaging online using different branding and messaging styles. These entities include: Bright-r with Gas,[49] Energy Information Australia,[50] Gas4NT,[51] Natural CSG (no longer in use), Our Natural Advantage,[52] Seismic Survey (no longer in use) and Shale Gas (no longer in use).

At the time of writing, Brighter was running 12 Facebook and Instagram advertisements in Australia (see below).[53]

Figure 5. Examples of Brighter Facebook advertisements



Source: Facebook

These campaigns are aimed at influencing public perceptions of the oil and gas sector and routinely overstate the relative environmental benefits of gas by omitting a range of risks and impacts. Such campaigns do not warn about the contribution of oil and gas production and combustion to climate change.

APPEA's Director of Public Affairs, Sarah Browne, was formerly a Managing Director at FTI Consulting, a global business advisory firm.[54] FTI Consulting's links to the US gas industry are well documented. In

[49] https://bright-r.com.au/
[50] https://energyinformationaustralia.com.au/
[51] https://www.facebook.com/Gas4NT/
[52] https://www.ournaturaladvantage.com.au/
[53] https://www.facebook.com/ads/library/
[54] https://www.linkedin.com/in/sarah-browne-34339414/

November 2020, The New York Times uncovered that FTI Consulting "helped design, staff and run organizations and websites funded by energy companies that can appear to represent grass-roots support for fossil-fuel initiatives."[55] FTI Consulting's activities included monitoring environmental activists online, creating fake Facebook accounts to promote gas, and staffing supposedly independent news outlets to write pro-fracking stories.[56] ACCR does not suggest that Ms Browne was directly involved in such activities.

> ***"The public perception of us is reality. We cannot just rely on science or facts."***
>
> - APPEA, 'Energy for a Better Australia, Strategic Direction 2020-22'

Australia's oil and gas industry has begun to use similar tactics. Gas pipeline company Jemena, which is not an APPEA member, was found to be paying social media influencers to promote gas under the hashtag #gonaturalgas.[57] Similarly, APPEA has paid celebrity chefs to promote cooking with gas online.[58]

APPEA has also recently contracted the services of consumer advocate Christopher Zinn who describes his role as "assisting Brighter a campaign for greater awareness of the benefits of natural gas as our interests are aligned with consumer choice being restricted by plans to stop connecting new homes to gas."[59] APPEA's campaign to maintain gas connections in residential and commercial properties is an emerging one, as the gas industry faces the threat of electrification.

Investor Expectations

Lobbying and political influence has increasingly become an integral stream of policy and company engagement by climate-aware investors. In 2018, the Europe-based Institutional Investor Group on Climate Change (IIGCC) published its expectations on corporate lobbying on climate change.[60] Those expectations urged companies to "lobby positively in line with the Paris Agreement", to improve governance of industry associations, to "act when unaligned" and to improve transparency.[61]

> ***"Our expectation is that, when companies engage with public policy makers, they will support cost-effective policy measures to mitigate climate change risks and support an orderly transition to a low carbon economy."***
>
> - IIGCC, Investor expectations on corporate lobbying, December 2018

In October 2019, IIGCC and the Australian-based Investor Group on Climate Change (IGCC) published an open letter calling on companies in the Australian extractives sector to "do more to ensure their trade associations and industry bodies support policy aligned with the goals of the Paris Agreement."[62]

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[55] https://www.nytimes.com/2020/11/11/climate/fti-consulting.html
[56] ibid.
[57] https://reneweconomy.com.au/the-australian-instagram-influencers-being-paid-to-promote-gas-18028/
[58] https://bright-r.com.au/the-chefs-secret-episode-one/
[59] https://www.determinedconsumer.com.au/
[60] https://www.iigcc.org/resource/investor-expectations-on-corporate-lobbying/
[61] ibid.
[62] https://www.iigcc.org/resource/investor-letter-on-climate-related-lobbying-by-australian-extractives-sector/

Climate policy engagement is now a fundamental pillar of the Climate Action 100+ Net Zero Company Benchmark.[63] Companies are expected to have a position on Paris-aligned lobbying, improve disclosure, and to have a process to ensure industry associations lobbying in accordance with the Paris Agreement.[64]

APPEA's record of advocacy contrary to the goals of the Paris Agreement is on the radar of institutional investors, with whose funds (as shareholders in member companies) a significant proportion of APPEA's activities are undertaken. However, member companies have not yet delivered sufficient pressure or consequences sufficient to pull APPEA's advocacy into line with the goals of the Paris Agreement, especially in relation to Australia's "gas-fired recovery". More assertive action from investors in member companies is needed.

Conclusion

APPEA and its members have a well documented history of successful opposition to policy that seeks to curtail emissions from the oil and gas industry. APPEA has lobbied extensively for government incentives and subsidies to enable substantial further growth of the Australian oil and gas industry. APPEA also campaigns heavily to control the narrative around gas, painting the fuel as clean, natural and necessary. APPEA's activities have obstructed Australia's adoption of effective climate policy over many political cycles, and their continuing lobbying and narrative campaigns pose a profound and ongoing threat to the national climate policy-making environment.

Institutional investors in companies that are members of APPEA, that are concerned about the misalignment between APPEA's strategy and investor expectations on lobbying have a responsibility, as shareholders, to do something about it. Corporate disclosure of memberships and annual reviews of policy positions are insufficient to rein in activities that run counter to investor interests. Investors should now demand that advocacy inconsistent with the Paris Agreement be brought to an end, or membership be suspended.

[63] https://www.climateaction100.org/progress/net-zero-company-benchmark/methodology/
[64] ibid.

Appendix

Some of APPEA's advocacy in recent years:

June 2021: In an interview on ABC TV, Andrew McConville said there was a "very strong future for oil and gas", post the publication of the IEA Net Zero by 2050 report.[65]

June 2021: In an interview on ABC Radio Adelaide, Andrew McConville described the IEA Net Zero by 2050 report as a "narrow cast view", because it failed to take into account land-based offsets and the emissions that oil and gas avoid.[66] He also claimed that Australia needed to maintain LNG production at existing levels in order to provide energy security to Asia.[67]

May 2021: APPEA claimed to "reveal the truth" about the IEA Net Zero by 2050 report, by claiming that "the IEA just looked at one narrow formula" and that it "doesn't take into account future negative emission technologies and offsets from outside the energy sector."[68]

May 2021: APPEA claimed that hand sanitiser was Australians' most valuable product during the COVID lockdowns according to its own survey,[69] a product made possible by the oil and gas industry.

March 2021: APPEA argued for the benefits of the "gas-fired recovery" beyond manufacturing.[70]

March 2021: APPEA confirmed that it was "very active" at lobbying various governments for a supportive policy environment to encourage further investment in oil and gas.[71]

February 2021: APPEA published its updated Climate Change Policy Principles, which included its support for net zero emissions by 2050 (excluding emissions from the gas Australia exports).[72] It also argued against state-based climate policies, and that the LNG industry should not be impacted by climate policies.[73]

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65 https://www.appea.com.au/all_news/appea-in-the-media-chief-executive-andrew-mcconville-interviewed-on-abc-news-breakfast/
66 https://www.appea.com.au/all_news/appea-in-the-media-chief-executive-andrew-mcconville-interview-on-abc-radio-adelaide/
67 ibid.
68 https://www.appea.com.au/all_news/media-release-arena-act-changes-put-oil-and-gas-in-drivers-seat-as-truth-about-international-energy-report-revealed/
69 https://www.couriermail.com.au/news/queensland/hand-sanitiser-identified-as-most-important-item-to-aussies-during-covid-lockdowns-oil-and-gas-giant-says/news-story/489aaf9c2d3ce632fc22049a5b8af1e2
70 https://www.appea.com.au/wp-content/uploads/2021/03/20210325-ADGO-Role-of-gas-in-the-future-energy-mix-FINAL.pdf
71 https://www.appea.com.au/wp-content/uploads/2021/03/20210317-Regions-Rising-speech-Andrew-McConville-APPEA.pdf
72 https://www.appea.com.au/wp-content/uploads/2021/02/2021-APPEA-Climate-Change-Policy-Principles.pdf
73 ibid.

November 2020: APPEA published a report claiming that under the right investment settings, "the oil and gas sector could provide a $350 billion boost to the economy and more than 220,000 jobs over the next two decades."[74]

September 2020: APPEA welcomed the federal government's announcement of a support package for the gas industry, including plans to construct a new gas-fired power station.[75]

September 2020: APPEA published a report called "Powering Australia's Recovery", that outlined six asks of government to promote economic recovery[76]: Cut corporate and petroleum taxes; Reduce environmental regulation; Promote oil and gas exploration; Fast-track approvals for new projects; No changes to domestic gas reservation; Promote the export of Australian gas.

August 2020: the Australian government introduced legislation to parliament to amend the Clean Energy Finance Corporation's (CEFC) definition of low-emissions technology to include "certain types of gas-fired electricity generation", [77] a specific demand from APPEA in a 2017 policy submission (see below).

July-August 2020: APPEA advertised heavily throughout the Northern Territory election campaign, in which fracking development was a key issue. While it is unclear how much money APPEA spent, the campaign included full-page newspaper advertisements, and radio and TV commercials.[78]

July 2020: APPEA lobbied to weaken environmental regulation through the review of the EPBC Act.[79]

June 2020: APPEA welcomed government subsidies for oil and gas exploration.[80]

May 2020: APPEA called for further oil and gas exploration.[81]

May 2020: APPEA published a report calling for government support to develop "uneconomic or stranded" gas resources in order to extend the economic life of existing gas infrastructure.[82]

August 2019: APPEA called for the removal of bans on onshore gas development in NSW and Victoria.[83]

July 2019: APPEA criticised state-based policies to reduce emissions.[84]

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74 https://www.appea.com.au/wp-content/uploads/2020/11/EY-Report-Australias-oil-and-gas-industry-Kickstarting-recovery-from-COVID-19.pdf
75 https://www.appea.com.au/all_news/government-recognises-gas-in-economic-recovery-plan/
76 https://www.appea.com.au/wp-content/uploads/2020/09/APPEA-Powering-Australias-Recovery.pdf
77 https://www.theguardian.com/australia-news/2020/aug/28/orwellian-coalition-accused-of-planning-to-open-green-bank-to-fossil-fuel-investments
78 NT News, print editions, 26 July - 3 August 2020
79 https://www.appea.com.au/all_news/green-tape-reform-a-top-priority-for-oil-and-gas-industry/
80 https://www.appea.com.au/all_news/exploration-support-welcomed/
81 https://www.abc.net.au/news/programs/the-business/2020-05-11/interview-with-andrew-mcconville/12236188
82 https://appea.com.au/wp-content/uploads/2020/06/Australia-Oil-and-Gas-Industry-Outlook-Report.pdf
83 https://www.appea.com.au/all_news/increased-gas-supply-the-real-solution-to-meet-demand/
84 https://www.afr.com/companies/energy/we-are-blessed-with-gas-wealth-but-we-play-politics-with-it-20190703-p523pd

July 2019: APPEA said that there is no "need in any way, shape or form" for governments to regulate emissions from LNG exports.[85]

April 2019: APPEA supported the use Kyoto carryover credits throughout the 2019 Federal election,[86] claiming that not using them would increase the cost of meeting emissions targets, "possibly significantly".[87] The Australian government argued for the use of Kyoto carryover credits at COP25 in Madrid in late 2019, delaying negotiations.[88]

March 2019: APPEA successfully campaigned against WA Environmental Protection Authority (EPA) guidelines that would have required new carbon pollution-intensive projects to offset their emissions.[89]

September 2018: APPEA called for LNG plants to be exempt from public disclosure of their emissions[90].

June 2018: APPEA opposed state-based renewable energy targets.[91]

June 2018: APPEA called for the "urgent removal of existing bans and moratoriums" on fracking in eastern states.[92]

May 2017: APPEA argued for exemptions from climate policy for emissions intensive industries, including the LNG industry.[93]

March 2017: APPEA proposed that the Clean Energy Finance Corporation (CEFC) support gas projects.[94]

December 2015: APPEA's climate change policy principles stated that climate policy should seek to minimise the costs imposed on emissions intensive trade-exposed industries, such as LNG.[95]

2012-2014: Campaigned against, then welcomed the repeal of the national price on carbon.[96]

2008: APPEA attacked the renewable energy target proposed by adviser to the Prime Minister, Ross Garnaut,[97] and proposed that the LNG export industry be exempt from the emissions trading scheme "in recognition of LNG's relative cleanliness compared with coal".[98]

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85 https://www.theaustralian.com.au/business/mining-energy/rivals-baulk-at-bhp-carbon-plan/news-story/83afe8670070a450b1a4732ebc6703ab

86 https://www.appea.com.au/all_news/appea-welcomes-commitment-to-further-consultation-on-labors-climate-change-action-plan/

87 https://www.afr.com/politics/federal/lng-steel-cement-to-be-hit-by-labor-s-carbon-plan-20190401-p519kr

88 https://www.theguardian.com/environment/2019/dec/16/un-climate-talks-australia-accused-of-cheating-and-thwarting-global-deal

89 https://www.appea.com.au/media_release/wa-epa-guidelines-put-investment-at-risk/

90 APPEA, Submission to the Review of the National Greenhouse and Energy Reporting Legislation, September 2018

91 APPEA Submission, Energy Security Board National Energy Guarantee Draft Detailed Design Consultation Paper, June 2018

92 APPEA, Submission to Energy Security Board's Draft Detailed Consultation Paper, 15 June 2018

93 APPEA, Submission to Review of Climate Change Policies, May 2017

94 APPEA, Submission to Independent review into the future security of the National Electricity Market, March 2017

95 APPEA Climate Change Policy Principles, December 2015

96 https://www.appea.com.au/all_news/carbon-tax-repeal-removes-cost-burden-on-lng-exporters/

97 ibid.

98 Marc S.R. Hudson, 'Enacted inertia: incumbent resistance to carbon pricing in Australia, 1989-2011, 2018

About ACCR

The Australasian Centre for Corporate Responsibility (ACCR) is a not-for-profit, philanthropically-funded research and shareholder advocacy organisation, based in Australia. ACCR monitors the environmental, social and governance (ESG) practices and performance of Australian-listed companies, including climate change, human rights, and labour rights. We undertake research and highlight emerging areas of business risk through private and public engagement. For more information, follow ACCR on Facebook, Twitter and LinkedIn.