



Resource Exploration Inquiry

Productivity Commission

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Attention: Ms Melissa Edwards

## WWF-Submission to the Productivity Commission Public Inquiry into Non-Financial Barriers to Mineral and Energy Resource Exploration in Australia

### WWF-Australia

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WWF-Australia welcomes the opportunity to provide input to the Productivity Commission inquiry on Non-Financial Barriers to Mineral and Energy Resource Exploration in Australia. WWF-Australia believes that a global perspective is important in providing context to a consideration of these issues in Australia and that an evidence based approach be used to underpin any policy conclusions or recommendations.

WWF-Australia fully supports the submission of the Australian Network of Environmental Defender's. In addition WWF would like to make the following points.

### 1) Australia remains an attractive destination for Major Project Development.

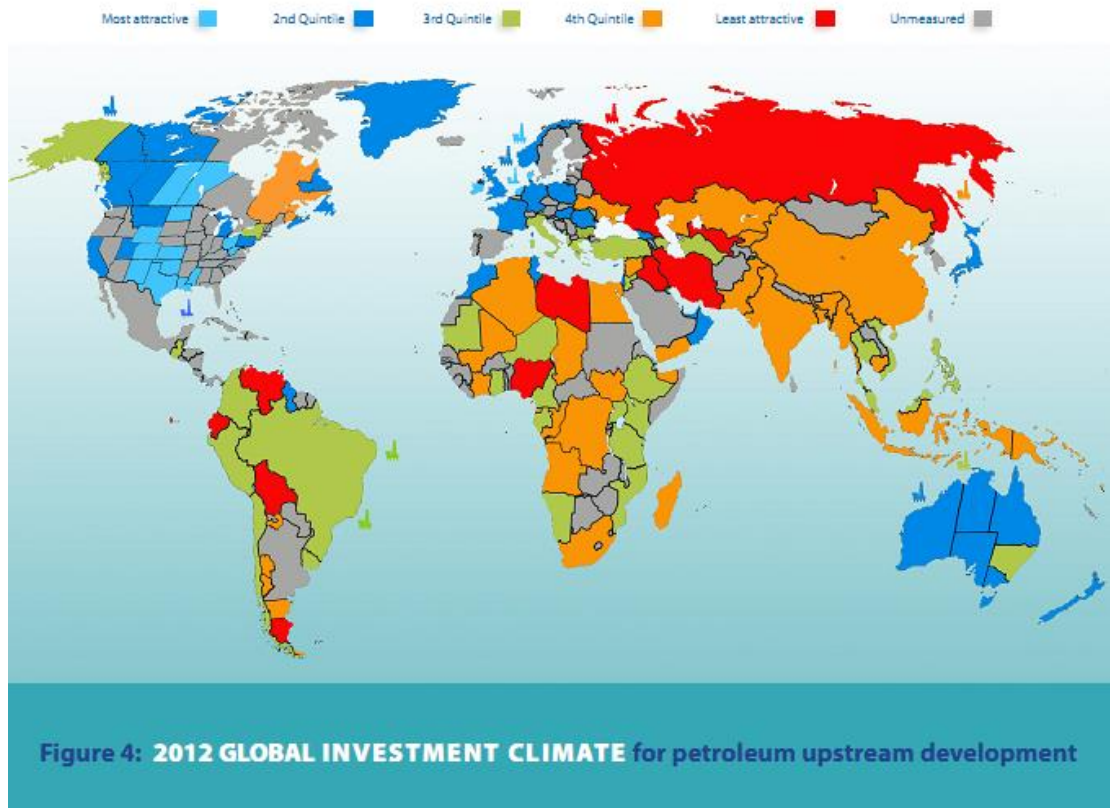


Figure from Fraser Institute Global Petroleum Survey, 2012, [www.fraserinstitute.org](http://www.fraserinstitute.org)

The Fraser Institute Global Petroleum Survey 2012 draws on responses from 623 respondents representing 529 companies where the exploration and development budgets of the companies represent more than 50% of global upstream expenditures. It is an independent survey of the global industry. It is designed to capture the opinions of managers and executives regarding the level of investment barriers in jurisdictions with which their companies were familiar. Respondents were asked to indicate how each of 18 factors influenced company decisions to invest in various jurisdictions. Questions included topics such as fiscal terms, taxations regime, uncertainty about environmental regulation, cost of regulatory compliance and includes an explicit question about regulatory duplication and inconsistencies. We believe it provides an excellent independent source and global perspective for assessing whether there are significant non-financial barriers to Mineral and Energy Resource Exploration in Australian, as well as for comparing the regulatory climate for Major projects in Australia with other jurisdictions.

WWF-Australia draws the Commission's attention to Figure 4 of The Fraser Institute Global Petroleum Survey 2012, reproduced above, which illustrates overall 2012 Global Investment Climate for Petroleum Upstream development, and where Australian states (with the exception of NSW), rank in the same 'relatively attractive' category as New Zealand, much of Canada, much of Europe and much of the US WWF-Australia also encourages a close read of the responses to the questions on regulation and duplication and to see where Australia is currently positioned with regard to other destinations and jurisdictions.

WWF-Australia is concerned by the narrative that is running with certain commentators that 'green tape' is variously shackling or choking major project investment in Australia and represents a significant non-financial barrier threatening future investment. Such claims are then often accompanied by calls for streamlining. WWF-Australia believes that the facts presents in the Fraser Institute report, do not support these claims.

## **2) Strong Environmental Regulations are key to Maintaining Productivity**

WWF-Australia draws the Commission's attention to a quote from an Oil and Gas executive on page 83 of the The Fraser Institute Global Petroleum Survey 2012

"The usual argument is that duplicative environmental regulations are a deterrent. But a worse deterrent was Deepwater Horizon, which resulted in a production moratorium. If the industry quit trying to skate on costs, and just accepted a tough environmental regime, however run, they would be much better off."

This quote underscores the point that the greatest barrier on productivity is when operations are shut down in the wake of an incident that presents risks to workers lives and the environment. The risk of this happening increases when 'short-cuts' are taken, either by the operator or the regulator. Just three short years ago, the Deepwater Horizon rig exploded spectacularly, killing 11 workers and injuring 16 more, and causing the largest oil spill in USA history, with untold environmental impacts to marine and coastal life and huge economic costs to the industry in terms of lost productivity. We urge the commission to recognise that the primary role of the assessment and approvals processes is managing risks that can affect both worker safety and the environment. It is not something the Government should take short-cuts with.

### 3) **Poster Children or Rouges Gallery?**

WWF-Australia notes that the BCA paper delivered to the Business Advisory Forum included an example of a member company that had sought approval for a major resource project and where the proponent that had raised concerns about lengthy, duplicative, uncertain and complex development assessment and approval processes. This example was also included in the issues paper associated with the Major Project Development Assessment Process Productivity Commission inquiry.

Upon request, the BCA revealed that this project was the BG group 19.8 billion AUD Queensland Curtis LNG project, run by QCG, and one of three mega-LNG projects on Curtis Island next to Gladstone Harbour in the Great Barrier Reef World Heritage Area.

Ironically this is one of the projects that caused the World Heritage Committee to issue a 'please explain' notice to the Australian Government, and last year caused UNESCO to launch one its largest investigative monitoring mission's yet to a World Heritage Property. With the embarrassing problem of fish diseases and deformities in Gladstone harbour in the wake of the dredging associated with these projects, agencies are still scrambling to try to solve these problems. If anything this project is more of a cautionary tale of the needs for tighter regulation around cumulative impacts and the risks to our Great Barrier Reef from an ever expanding footprint of development. We are surprised to see it held up as a justification for 'streamlining' as it would be better seen as a poster child for strengthening regulation.

WWF-Australia welcomes further involvement and the opportunity for further comment and looks forward to providing the inquiry with additional materials as they become available.

Yours sincerely

Dr Ghislaine Llewellyn

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References:

BCA (Business Council of Australia) 2012 Discussion Paper for the COAG Business Advisory Forum

Fraser Institute Global Petroleum Survey, 2012, [www.fraserinstitute.org](http://www.fraserinstitute.org)