



09 March 2018

Our Reference: APLNG-COR - 0011711

Committee Secretary
Economics & Governance Committee
Parliament House
George Street
Brisbane QLD 4000

Dear Sir/Madam

Re: Mineral and Energy Resources (Financial Provisioning) Bill 2018

Australia Pacific LNG (APLNG) appreciates the opportunity to provide feedback on the Mineral and Energy Resources (Financial Provisioning) Bill 2018 (the Bill). In its current form, APLNG is unable to support the Bill and particularly considers that the implementation timeframe of 1 July 2018 is impractical. If the Bill does proceed, despite strong industry objection, an amendment to the implementation to 1 July 2019, consistent with the Progressive Rehabilitation and Closure Plans (PRCP) components of the Bill, would allow for appropriate consultation on the accompanying regulations and guidelines (including the annual contribution rates) and enable a full evaluation of the impact of this Bill.

In addition to this letter, APLNG broadly endorses the Queensland Resources Council (QRC) and Australian Petroleum Production and Exploration Association (APPEA) submissions.

About APLNG

APLNG is a multi-billion dollar, world-class coal seam gas (CSG) to liquefied natural gas (LNG) project in Queensland. APLNG, through an incorporated joint venture of Origin Energy, ConocoPhillips and Sinopec, is the developer of Australia's largest CSG 2P Reserves base in the Surat Basin. Over AUD\$30 billion in capital has been invested to date and it is anticipated that over AUD\$2 billion will continue to be invested annually in production, development and exploration activities.

APLNG is committed to both the domestic and LNG markets and APLNG is the single biggest supplier of domestic gas to the east coast, providing approximately 30 per cent of the total gas supply for 2018. The APLNG export facility has a capacity of 9 million tonnes per year and exports to LNG customers in China and Japan, among others.

APLNG policy position

APLNG supports a financial assurance (FA) system that is fair, simple and consistent, which safeguards the State and community from non-fulfilment of rehabilitation liabilities. This should be recognised in the context that APLNG is committed to rehabilitation and leading environmental management and that FA is the last resort.

APLNG and the petroleum industry have consistently advocated, throughout the development of this reform initiative, to be excluded from the Financial Provisioning Fund (the scheme fund) due to the strong impediment to development that it is likely to create through substantial cost increases. Additional cost burdens placed on the gas industry are likely to act as a deterrent for increasing supply at a time when new gas supply is urgently required. Overall, the lack of supporting regulations and guidelines restricts our ability to evaluate the true cost impact of the Bill and this remains the key concern for APLNG. Therefore based on previous estimates that cost increases for APLNG may double or even triple, APLNG is unable to support the Bill in its current form.

APLNG key points

APLNG supports the principles raised in the QRC and APPEA submissions as outlined below.

1. APLNG is of the view that all of the supporting work, at least in draft form for consultation purposes, such as regulations, guidelines and revised Estimated Rehabilitation Cost (ERC) calculators, should have been completed first (i.e. prior to the introduction of the Bill) to allow industry to fully assess the impacts on business.
2. APLNG supports the QRC request that an amendment is made to clarify that the Government will not hold both a pre-existing surety and any amount paid into the Fund simultaneously, and will return such pre-existing FAs as soon as is practicable.
3. APLNG supports the QRC request for the Committee to recommend that the Scheme Manger must consider the Resource Project Characteristics Assessment (RPCA) in determining the risk category allocation.
4. APLNG supports the QRC suggestion for the Committee to reconsider all financial penalties in relation to the Scheme given the potential financial and market impacts on a company of releasing the financially sensitive and commercial-in-confidence information required for the risk categorisation system.
5. APLNG supports the QRC and APPEA request for the Committee to recommend that the Advisory Committee is expanded in the legislation to specifically require the representation of two resources sector representatives - one for mining and one for petroleum and gas.

Thank you for the opportunity to contribute the above comments. Please contact the undersigned with any questions.

Yours sincerely



Mark McCabe

Chief Financial Officer

Deputy- Chief Executive Officer

Australia Pacific LNG Pty Limited

for and on behalf of Australia Pacific LNG Processing Pty Limited