



Strategic Sustainability Consultants

Senate Committee Inquiry into Australia's Oil and Gas Reserves



The Global Goals Australia Campaign



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Senate Standing Committees on Economics

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Canberra ACT 2600

To the Committee,

Thank you for giving us the opportunity to provide you with our recommendations on Australia's oil and gas reserves.

On behalf of Strategic Sustainability Consultants and the Global Goals Australia Campaign, I would like to acknowledge the important role which exports of oil, gas and petroleum products play in our national economy. Sustainable economic growth is crucial to the social and environmental sustainability of our country.

However, in order to safeguard our planet, we need to look at developing our economy to support our social and environmental growth across Australia without the reliance on oil and gas exports.

It is fantastic to see some corporates already engaging in divestment away from oil and gas and into renewable energy. It is especially encouraging to see some of the world's leading corporates in the oil and gas industry adopt the United Nations' Global Goals for Sustainable Development into their corporate sustainability documents and ongoing reporting.



In 2015, 193 United Nations member states signed up to the Global Goals, also known as the Sustainable Development Goals or SDGs. This agenda has the ambitious aim to end poverty, fight inequality and fix climate change by 2030. These 17 goals are accompanied by 169 targets and 232 measurable indicators and provide a guiding framework for development in every country around the world over the coming ten years. As one of the signatories of this agenda, it is important that we fulfil our international commitment. It is also in the best interest of Australia's economy, society and environment that we do so.

In my role as Chief Executive Officer of the Global Goals Australia Campaign, I have met with members of the Senate Standing Committees on Economics prior to this sitting of Parliament to discuss these goals, also known as the 2030 Agenda for Sustainable Development, and the benefits of their adoption in Australia.

The terms of reference ask for submissions to consider how we, as a country, can maximise benefit to the public of Australia's national oil and gas reserves. At Strategic Sustainability Consultants and the Global Goals Australia Campaign, we believe that the greatest benefit to the public is for our finite oil and gas reserves to be used with economic, social and environmental sustainability being treated as the highest priority. We also believe reserves should be drawn upon in line with our commitment to the 17 Global Goals for Sustainable Development and their 169 targets.

I would like to take this opportunity to thank the committee in advance for their commitment to investigating this further. I hope our submission provides further insight into the sustainability of Australia's oil and gas sector. Should you have any questions, please do not hesitate to contact me or a member of our team.

Yours in sustainability,

Caterina Sullivan

Chief Executive Officer

Strategic Sustainability Consultants

About Strategic Sustainability Consultants:

Strategic Sustainability Consultants is an Australian-based consultancy assisting corporates, SMEs, government departments and not-for-profit organisations in becoming more economically, socially and environmentally sustainable organisations. We work closely with the Global Goals Australia Campaign, using the United Nations' 17 Global Goals for Sustainable Development as a framework for organisations to make a commitment to sustainability, set targets for economic, social and environmental sustainable development, report on these targets and communicate them effectively to relevant stakeholders.

Strategic Sustainability Consultants is well-qualified to assist any organisation, whether it be for-profit, not-for-profit or governmental organisations, in the implementation of any of these recommendations outlined in this submission as part of our consulting services.

About Global Goals Australia:

Global Goals Australia is a registered not-for-profit working to promote and assist in the achievement of the United Nations' 17 Global Goals for Sustainable Development and their associated 169 targets as measured against the 232 indicators. The Global Goals Australia Campaign has a proud history of working collaboratively with a number of politicians at a federal, state and local level across the country from all major parties as well as a number of minor parties and independents.

Summary:

To address Term of Reference (b) of this inquiry, it is necessary to draw on our national oil and gas reserves in accordance with the United Nations' 17 Global Goals for Sustainable Development to ensure the economic, social and environmental sustainability of such operations.

We understand that oil and gas operations cannot be halted without strategic planning as it will have an enormous impact on our economy and our national operations, most notably energy supply. We strongly urge the Committee to consider adopting the Global Goals as a framework to ensure the sustainability of oil and gas operations in Australia while we research renewable and economically, socially and environmentally friendly alternatives. We believe the public will benefit most from divestment away from drawing on oil and gas reserves into the future; this divestment will create a brighter future for Australians. Our oil and gas reserves currently play a pivotal role in ensuring we are able to power our nation today to ensure we have a greener future.

Oil and gas reserves are a great way to promote sustainable investment both locally and internationally. Many of the large corporate players in the space are following suit in their appetite to be socially responsible. Australia is currently adopting protocols to increase investment in the industry. While meeting sustainability guidelines and targets would greatly improve the way we, as a country, present our consideration of social and environmental sustainability to the rest of the world, this meeting of guidelines and targets would also likely increase other economic factions such as tourism and education.

We believe corporates and governments have a lot of work to do to ensure the sustainability of our economy, our society and our environment when it comes to the consumption of Australia's oil and gas resources in the best interest of the nation and, subsequently, the rest of the world. We also believe partnerships are a key component to unlocking maximum growth and development.

Oil and Gas Exploration

While we need to continue extracting oil and gas to continue powering our electricity grid and creating petroleum-based products, it is not in the public's best interest to create a future around this plan. Oil and gas extraction currently needs to be seen as how we, as a nation, can buy time while we explore renewable alternatives to replace finite resources.

Hydro energy, solar energy, wave energy, thermal energy, wind energy and bioenergy may just be the start of our renewable energy exploration. A major source of energy which currently needs further exploration is geothermal energy. Geothermal energy has the potential to power our nation for tens of thousands of years into the future with only a small percentage of the resource being used. To add to this, geothermal energy is renewable and offers great promise for economic, social and environmental sustainability alongside current forms of renewable energy.

Goal 9 includes a focus on innovation. In order to create a sustainable future with maximum benefit to the Australian public, we must not be solely relying on conducting business as usual going forward. We must be thinking of innovative ways to create an economically, socially and environmentally sustainable future for Australian citizens without relying on oil and coal, of which reserves will eventually reach the maximum rate of extraction, known as peak oil, with some estimates showing this being anywhere between the next three to twenty years. This is also an important aspect of Goal 17: Partnerships for the Goals in which we must develop and disseminate new sustainable energy technologies.

Goal 7 aims to ensure access to affordable, reliable, sustainable and modern energy for all. Target 7.2 specifically mentions increasing substantially the share of renewable energy in the global energy mix by measuring against Indicator 7.2.1 the renewable energy share in the total energy consumption.

A transition away from oil to natural gas is in the best interest of the public as natural gas produces less greenhouse gas (GHG) emissions. This is also important for the economic future of Australia as we are one of the leading liquefied natural gas (LNG) exporters globally. However, activities such as hydraulic fracturing or fracking must be carefully considered as to whether or not they will do damage to the local area, especially to areas of agricultural production.

As a nation, we should be looking to conserve energy where possible. This includes in businesses, organisations and on a household level. By increasing our energy efficiency and decreasing our energy consumption, we will be lifting pressure off the industry to increase supply for the demand of our growing population. We will also be working towards Target 7.3 which aims to double the global rate of improvement in energy efficiency. This will be measured on a country by country basis in line with Indicator 7.3.1: Energy intensity measured in terms of primary energy and gross domestic product (GDP).

We are currently seeing a large number of corporates in the oil and gas industry across the country divest away from non-renewable resources and start to put significant human and financial resources behind the exploration of and investment into renewables. Economic diversification is crucial to achieving a greater rate of economic productivity and is at the core of the aim behind Goal 8: Decent Work and Economic Growth. Target 8.2 aims to achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Another important aspect of oil and gas is the consumption of water to generate and transmit energy, making up one branch of the water-energy nexus. This is crucial in the achievement of Goal 6: Clean Water and Sanitation, particularly in Target 6.4 in which we must substantially increase water-use efficiency. New technologies such as advanced air cooling technologies must be explored for oil and gas extraction as well as use of other renewables such as concentrated solar energy, bioenergy and geothermal energy. It is also necessary to keep power plants cool.

Decreasing the extraction and consumption of oil and gas also creates safer roads in line with Target 3.6: Halve the number of global deaths and injuries from road traffic accidents.

Corporate Sustainability

Our overall aim should be towards a net-zero emissions future. While it is evident that oil and gas will be part of our future for the short to medium term, if we are going to draw on these resources during that timeframe, we must ensure the companies doing so are conducting operations in a responsible manner in line with the 17 Global Goals for Sustainable Development and their 169 targets, measured against their 232 indicators.

The Global Goals should be adopted by corporates in the oil and gas industry and reported on accordingly. It is the belief of the Global Goals Australia Campaign that the Australian Securities Exchange (ASX) include the Global Goals in their next revision of their Corporate Governance Principles and Recommendations. We also strongly encourage the Australian Government to work with the Australian Securities and Investments Commission (ASIC) to require all ASX-listed companies to report against the Global Goals in-line with the nation's commitment to the goals. The achievement of the goals and their targets require trillions in funding each year to meet the 2030 deadline and the only way in which this will be achieved is through corporate engagement in the 2030 Agenda.

Sustainability reporting includes taking a product stewardship approach to a company's goods. It is vital that each oil and gas company take responsibility for minimising their products' environmental impact from initial procurement to end of life management. Sound environmental management can be measured by the 232 indicators associated with the Global Goals for Sustainable Development. Other important metrics include improvement in supply chain

sustainability and sustainable procurement (Target 12.7), self-assessed carbon resiliency (13.1), environmental assessments (Goals 13, 14 and 15) and biodiversity offsets (Goals 14 and 15). Implementation of the mitigation hierarchy is also a fantastic strategy for corporates to ensure they are lowering their environmental impact and to ensure the sustainability of the environment.

It is important to also consider the human rights aspect in any sustainability reporting. This includes ensuring supply chains are free from modern slavery (Target 8.7) and ensuring there is equal opportunity for all, reducing inequalities of outcomes by eliminating discriminatory laws, policies and practices and by promoting appropriate legislation, policies and action in this regard (Target 10.3).

As mentioned above, it is necessary for corporates who are planning to continue to operate in the oil and gas industry to mitigate their emissions of such operations to ensure the sustainability of the planet, which is in the best interest of the public. By doing this, they will be addressing the threats of climate change as best they can in light of their operations. When looking at emissions, it is also important to note emissions which can cause health-related issues for the population. This is in line with Target 3.9: By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination. It also addresses Target 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials. Another target addressed by sound management of chemicals and all wastes throughout their life cycle is Target 12.4. The purpose behind 12.4 is to significantly reduce the release of chemicals and all wastes to air, water and soil in order to minimise their adverse impacts on human health and the environment.

Another important point mentioned above is the case for energy and water efficiency. Not only do these create a more environmentally sustainable future for our nation, they also often lower the long-term costs associated with running oil and gas drilling operations. While they may cost a substantial investment upfront, in the long-term, it is economically in oil and gas companies' best

interests to invest in energy- and water-efficient technologies for their operations. One method of doing this is through halving the proportion of untreated wastewater and substantially increasing recycling and safe use of water, as outlined in Target 6.3.

In recent years, there have been serious disasters related to oil and gas drilling which have had a devastating impact on our marine environment globally. It is vital that all companies looking to conduct oil and gas operations in Australia have a risk management plan to ensure there are little to no possibilities for such a disaster occurring and causing damage to our marine environment.

Many oil and gas companies invest a lot of financial resources into research and development. This is crucial for economic sustainability and improvements in efficiency. However, it is necessary for these corporates to also invest in research and development into the design and manufacturing of new technologies to minimise social and environmental impacts of their operations. This includes through the upgrading of infrastructure to ensure sustainability.

In order to ensure social sustainability, it is recommended that oil and gas companies invest in local development in the areas in which they are operating to lower the risk of unemployment in the surrounding areas once operations cease. This unemployment often leads to other issues such as poverty, poor physical and mental health and well-being, increase of substance abuse, higher crime rates and higher rates of violence. Investing in development in the local areas not only includes infrastructure and social services but skills development to ensure a skilled workforce is able to continue to operate in the area once oil and gas operations have ceased. Supporting inclusive and sustainable urbanisation in communities near operations should be a priority in assessing social sustainability and ensuring operations are not creating emerging social inequalities in the local area.

Communication with the local community, most notably with our nation's traditional landowners, is vital in any oil and gas drilling activities. It is crucial that we are protecting and safeguarding our natural and cultural heritage, especially our Indigenous heritage, in line with Target 11.4. A key aspect of this is consent from traditional landowners before any activities commence, which is currently legally required for oil and gas operations to proceed in Australia.

The health and safety of workers is also essential when considering corporate social sustainability. Such actions oil and gas corporates can take include conducting health impact assessments and strengthening capacity to manage health risks, including the reduction of occupation risks. It is also necessary to invest in the training of the adoption of sound mental health practices by staff members. This will also assist in the reduction of instances of substance abuse by workers. Efforts must also be shown towards protecting workers against both communicable and non-communicable diseases. A physically and mentally healthy workforce does not only fall under good social sustainability practices but also increases worker productivity and efficiency which is financially more beneficial for the organisation.

Another important consideration is the progress towards Goal 5: Gender Equality. Female participation rates in the oil and gas industry are quite low - estimated to be at approximately 15% with even lower rates in higher paying technical positions¹. While aiming for a 50% participation rate is not realistic as the oil and gas industry may not be the career of choice for many women, companies in the space must ensure equal opportunities for women in their organisations, especially when it comes to training and development for management opportunities.

¹ - Petroleum Equipment & Services Association (PESA) website.

<https://pesa.org/archives/pesa-diversity-study-identifies-opportunities-to-advance-women-in-the-workplace/>

Finally, when considering economic, social and environmental sustainability of operations of oil and gas companies in Australia, Goal 16 must be addressed. Most notably, it is necessary to ensure transparency of organisations in the space, including industry bodies and trade unions. There must be an emphasis on the integration of anti-corruption systems, free from bribery and other such deals. All companies must ensure full and transparent tax payments in-line with national legislation.

Opportunities for Corporates

There are great opportunities for corporates in the oil and gas space while keeping in line with the Global Goals. Most notably, we have seen in recent years many oil and gas companies, including some of the major corporate players in the space, increase their investment in renewable energies. Such companies as BHP Billiton Petroleum, Chevron Australia, ExxonMobil Australia, Origin Energy, Shell in Australia and Woodside Energy have not only included a focus on renewable energy investment but have also made a commitment to the achievement of the United Nations' 17 Global Goals for Sustainable Development.

While Australia is one of the most urbanised countries on the planet with over 90% of our population living in approximately 0.2% of our land area, there are many people across the nation who live off-grid. A corporate commitment to off-grid energy access is a great way for oil and gas companies in Australia to expand their corporate sustainability commitments while generating additional revenue and investing in renewables.

Partnerships with Other Industries

One of the key aspects of the Global Goals and the focus of the work of the Global Goals Australia Campaign is Goal 17: Partnerships for the Goals. Partnerships allow us to ensure progress towards an economically, socially and environmentally sustainable future is low-cost, efficient and effective. There are a number of ways in which the oil and gas industry can partner with other industries and other organisations as well as government and local communities to ensure we are maximising the benefit to the public of our oil and gas reserves. Multi-stakeholder knowledge sharing, a participatory approach to local, national and international dialogue and the strengthening of coordination between local, national and international initiatives are the pillars of the success of these types of partnerships. Dialogues in this space should be development-orientated and adhere to the goals and targets outlined in the 2030 Agenda for Sustainable Development.

The first method in which we can do this is through shared-use infrastructure. Shared-use infrastructure must look at improving access to energy and water services as well as enhancing agricultural productivity. This includes the alignment of agricultural and oil and gas development activities across Australia. Partnerships must also be formed around community development agreements outside of the agricultural space as well. It is vital that we coordinate planning for urban and regional development with all stakeholders in the space.

Advocacy for lower emissions and increased energy efficiency must also be a joint venture. Agriculture must be a strong focus of this with increased energy efficiency in agricultural processes, especially with regards to oil- and gas-based agricultural products. This will involve the enhancement of technological capabilities and capacity for knowledge transfer. Partnerships in research and development activities, especially around marine technology and biodiversity research, are also crucial alongside education outreach in the space.

Government

If we are going to continue drilling into our oil and gas reserves, we must, as a nation, take urgent action to mitigate the effects of climate change in other ways. This includes but is not limited to waste management, increased investment in the renewable energy sector and investment in energy and water efficiency. With water being in huge demand in the oil and gas industry, it is important that we take urgent steps towards water scarcity risk management as well, especially with the current levels of drought across the east coast of the country. Another environmental factor the government must consider is a landscape-wide approach to conservation when working with oil and gas companies to establish and carry out operations.

It is also necessary for the government to strengthen public health systems to ensure we are prepared to respond to potential health risks and epidemics associated with drilling for oil and gas. Even though the likelihood of serious and large-scale disasters may be relatively low, we must ensure adequate preparation for such events in order to protect our population.

Money must be invested into finding new technologies to ensure we are on an effective path to scale up our divestment away from oil and gas and into renewable forms of energy including technologies to export these renewable energies overseas to our neighbouring countries, especially least developed countries and small island developing states to ensure we are working to alleviate energy poverty around the world also. This investment in research and development includes investment in workforce education, training and technical programmes and the enhanced investment in science, technology, engineering and maths (STEM) education, in particular for women looking to further their work in the oil and gas industry.

The government can also play an important role in the advocacy of increased requirements around corporate sustainability and of alignment of such requirements to the 2030 Agenda for Sustainable Development. This is especially important for ASX-listed companies operating in the oil and gas industry.

Benefits to Society

The benefits of oil and gas drilling in Australia is mainly seen through an increased access to energy, which leads to fiscal sustainability. It also helps alleviate energy poverty which is important to consider when planning for the future. It is necessary to ensure our approach to alleviating energy poverty is integrated and involves a variety of stakeholders including businesses, government, community organisations, the local community, the traditional landowners and individual citizens across the country.

Recommendations:

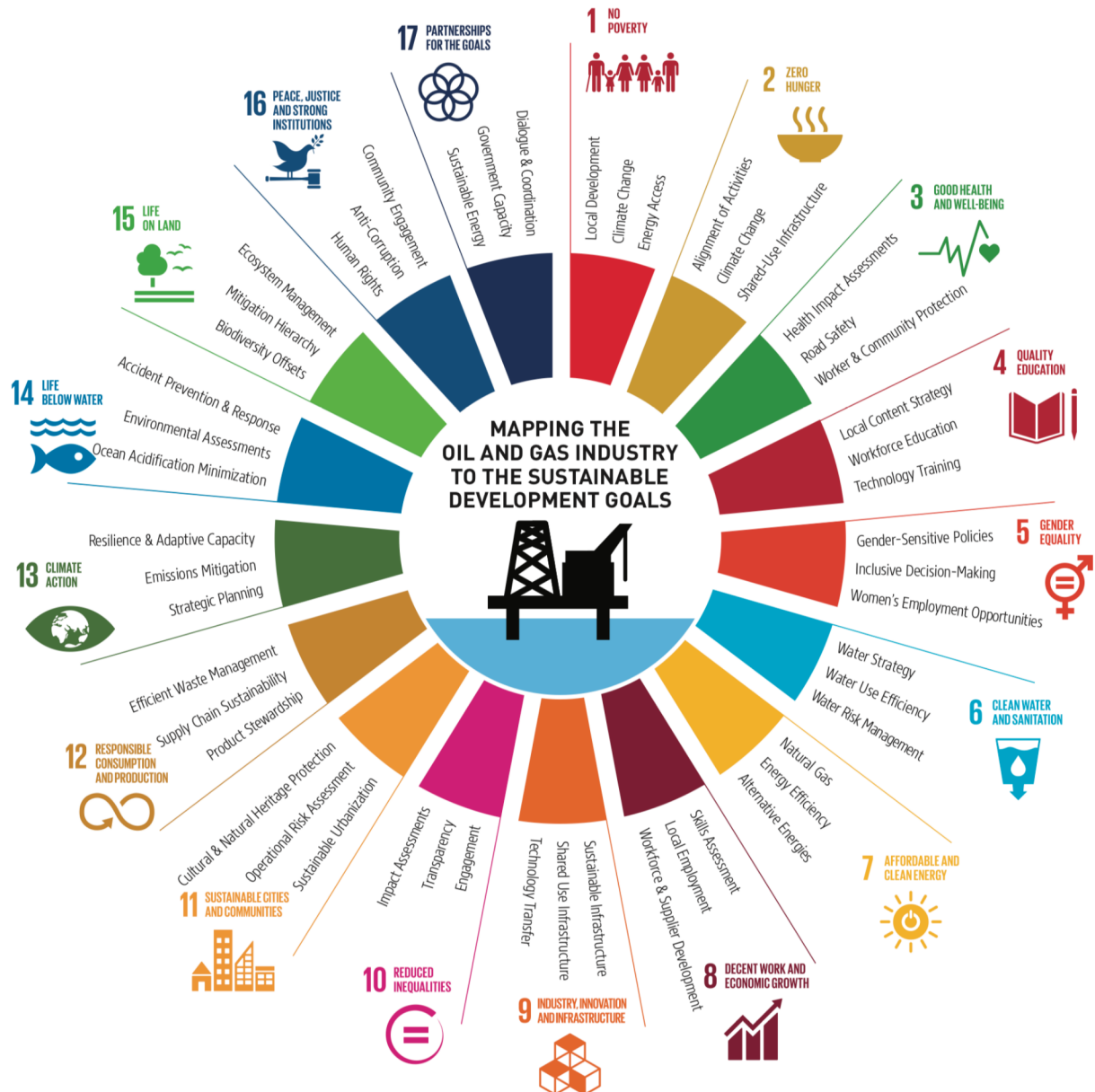
- Ensure the extraction of oil and gas reserves is in line with the 17 Global Goals for Sustainable Development
- Support corporates in the adoption of the Global Goals for Sustainable Development into their sustainability reporting
- Advocate for the inclusion of the Global Goals for Sustainable Development in the Australian Securities Exchange's (ASX) next revision of their Corporate Governance Principles and Recommendations
- Advocate for the requirement of all ASX-listed companies to report against the Global Goals for Sustainable Development in line with the nation's commitment to the goals
- Ensure our future is not reliant on drawing on our oil and gas reserves
- Invest in exploration of renewable alternatives
- Develop and disseminate new sustainable energy technologies
- Substantially increase the share of renewable energy in the global energy mix
- Increase the rate of transition from oil to natural gas, keeping in mind the dangers of hydraulic fracturing
- Improve energy efficiency
- Decrease energy consumption
- Achieve higher levels of economic productivity through diversification in the industry, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors
- Invest in research and development of technologies to improve water efficiency in regards to the water-energy nexus
- Aim for a net-zero emissions future in the sector
- Implement product stewardship in the industry and report on accordingly

- Ensure supply chain sustainability and sustainable procurement
- Participate in self-assessed carbon resiliency
- Complete environmental assessments
- Implement biodiversity offsetting
- Implement the mitigation hierarchy
- Consider human rights in sustainability reporting
- Ensure supply chains are free from modern slavery
- Ensure there is equal opportunity for all, reducing inequalities of outcomes by eliminating discriminatory laws, policies and practices and by promoting appropriate legislation, policies and action in this regard
- Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
- Reduce pollution, eliminate dumping and minimise release of hazardous chemicals and materials into our water supplies
- Significantly reduce the release of chemicals and all wastes to air, water and soil
- Halve proportion of untreated wastewater and substantially increase recycling and safe use of water
- Ensure risk management plans are in place to prevent disasters related to oil and gas exploration and extraction which may impact the marine and land environments
- Invest in research and development into the design and manufacturing of new technologies to minimise social and environmental impacts of operations
- Upgrade infrastructure sustainably
- Invest in local development in areas around oil and gas extraction to limit unemployment in the area at cessation of operations

- Invest in skills development in the local community
- Support inclusive and sustainable urbanisation in nearby communities
- Ensure operations are not creating emerging social inequalities in the local area
- Increase effective communication with the local community
- Continue to seek permission from traditional landowners before commencing any oil and gas exploration or extraction activities
- Conduct health impact assessments
- Strengthen capacity to manage health risks
- Reduce occupation risks
- Invest in training and adoption of sound mental health practices by staff members of oil and gas companies
- Protect workers in the industry against communicable and non-communicable diseases
- Ensure equal opportunities for women in the industry, especially in training and development for management opportunities
- Invest in developing off-grid energy
- Engage in multi-stakeholder knowledge sharing for sustainable development
- Engage participatory local, national and international dialogues
- Strengthen policy coordination between local, national and international initiatives
- Increase shared-use infrastructure
- Align agricultural and oil and gas development activities across Australia
- Form partnerships around community development agreements
- Coordinate planning for urban and regional development with all stakeholders in the space

- Increase energy efficiency in agricultural processes, especially with regards to oil- and gas-based agricultural products
- Enhance technological capabilities and capacity for knowledge transfer
- Increase partnerships in research and development activities
- Take urgent action to mitigate the effects of climate change
- Take urgent steps towards water scarcity risk management
- Consider landscape-wide approach to conservation
- Strengthen public health systems for disaster preparedness
- Research ways in which we can export renewable energies overseas
- Invest in research and development, including in workforce education, training and technical programmes
- Enhance investment in science, technology, engineering and maths (STEM) education, in particular for women

Attachment A:



Mapping The Oil And Gas Industry To The Sustainable Development Goals: An Atlas

https://www.undp.org/content/dam/undp/library/Sustainable%20Development/Extractives/Mapping_OG_to_SDG_Atlas_Executive_Summary_2017.pdf