

Committee Secretary
Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

10 August 2021

Dear Secretary,

Thank you for inviting me to make a supplementary submission to the Committee in relation to its inquiry into Australia's oil and gas reserves. I have read the Committee Hansard of 28 February 2020, which covered the evidence of Geoscience Australia, the Australian Competition and Consumer Commission (ACCC), and the Departments of Treasury and Industry, Science, Energy and Resources.

My core proposition is: if the aim is to maximise benefit to the public of Australia's national oil and gas resources, then **hope is not a strategy**.

During the hearings of 28 February 2020, Committee members identified an important gap in responsibility for maximising the overall economic benefits to Australia from Australia's oil and gas reserves.

The ACCC stated that the "scope of our role is primarily to conduct an inquiry into the supply of and demand for gas domestically."¹ That role refers to the competition aspects of policy. Asked by a Committee member about who was "in control of that first issue, which is the economic benefit,"² one ACCC member stated, "I'd suspect that would be the Department of the Environment and Energy" and another stated, "Or the department responsible for resources... I think it is more a matter of policy."³

The other departments replied in similar terms. Geoscience Australia stated, "That's actually a really tough question. We are a science-based agency... I do believe these are matters of policy and government will make a decision."⁴ Treasury stated, "we would take the view that that's ultimately the role of government and the parliament itself."⁵ Industry stated, "No, I don't think there's someone in our department who'd hold that responsibility."⁶

In its oral evidence, Geoscience Australia explained, "...we put forward this free competitive data that we do and make it freely available and identify and de-risk areas of petroleum or energy potential... we provide a basis of surety to allow investment to occur, *with the hope that* [my emphasis], when they do their exploration and they identify a resource, they identify a resource that is economically viable, goes through into development and then adds those benefits to the economy."⁷ In its written Response to Questions on Notice, Geoscience Australia drew attention to

¹ Mr Michael Cosgrave, Australian Competition and Consumer Commission, p. 1.

² Senator Rex Patrick, p. 1.

³ Ms Nicole Ross, Australian Competition and Consumer Commission, p. 1-2.

⁴ Ms Kristina Anastasi, Geoscience Australia, pp 10, 16.

⁵ Mr Geoff Francis, Treasury, p 17.

⁶ Mr Daniel Quinn, Industry, Science, Energy and Resources, p. 28.

⁷ Ms Kristina Anastasi, Geoscience Australia, p. 10.

its “pre-competitive work program” that “by its very nature, is non-rivalrous in that it aims to alleviate an element of investment risk.”⁸

That means, of course, that anyone can use this publicly-funded geoscientific information: a \$150 billion corporation such as BHP or the gentleman who sells *The Big Issue* on a street corner. The corporations that benefit in practice are largely US-owned, with obvious implications for where the dividends go. Below are ownership data for BHP, Woodside, Santos, Origin Energy and Oil Search respectively, extracted from the Bloomberg Professional Terminal correct on 10 August 2021:

BHP:

The screenshot displays the following information:

- Market Data:** BHP AT A\$ ↑ 51.90 (+0.21). At 21:34 d Vol 635,184. 0 52.11T.
- Equity Summary:** BHP AT Equity, 25) Export, Settin.
- Company Info:** BHP GROUP LTD ISIN AU000000BHP4.
- Navigation:** 1) Current, 2) Historical, 3) Matrix, 4) Ownership Summary.
- Comparison:** Compare Current Stats Against 08/08/21.
- Institutional - Based on Current Filings:**

	08/08/21	Curr	Change
51) Institutional			
11) % of Shares Held	25.4	25.37	-0.03
12) % of Float Held	25.22	25.19	-0.03
13) # of Institutions	542	542	0.00%
14) # of Buyers	157	157	0.00%
15) # of Sellers	189	190	+0.53%
16) # of New Buyers	69	66	-4.35%
17) # of Selloffs	56	56	0.00%
18) % Chg in Inst Positions	+104.31	+104.05	-0.26
- Top Geographic Ownership (%):**

	08/08/21	Curr	Change
53) Geographic			
31) United States	70.47	70.44	-0.03
32) Australia	11.8	11.82	+0.02
33) Luxembourg	4.07	4.07	0.00
34) Japan	3.39	3.39	0.00
35) United Kingdom	2.91	2.91	0.00
36) Ireland	2.24	2.24	0.00
37) Norway	1.02	1.02	0.00
38) Switzerland	1	1.01	+0.01
39) Canada	0.9	0.9	0.00

⁸ Geoscience Australia's response to Questions-on-Notice, pp 2-3.

Woodside:

WPL AT A\$ ↑ 21.93 -0.01
At 21:38 d Vol 434,438 0 21.88T

WPL AT Equity 25) Export Setting

WOODSIDE PETROLEUM LTD CUSIP 98022810

1) Current 2) Historical 3) Matrix 4) Ownership Summary

Compare Current Stats Against 08/08/21

Institutional - Based on Current Filings

51) Institutional	08/08/21	Curr	Change
11) % of Shares Held	30.38	30.38	0.00
12) % of Float Held	30.26	30.26	0.00
13) # of Institutions	401	401	0.00%
14) # of Buyers	127	125	-1.57%
15) # of Sellers	107	105	-1.87%
16) # of New Buyers	40	38	-5.00%
17) # of Selloffs	48	48	0.00%
18) % Chg in Inst Positions	+57.70	+57.68	-0.02

Top Geographic Ownership (%)

53) Geographic	08/08/21	Curr	Change
31) United States	66.12	66.13	+0.01
32) Australia	15.96	15.96	0.00
33) United Kingdom	5.35	5.35	0.00
34) Ireland	2.99	2.99	0.00
35) Luxembourg	2.63	2.63	0.00
36) Japan	2.56	2.56	0.00
37) Canada	1.13	1.11	-0.02
38) Switzerland	0.82	0.82	0.00
39) Sweden	0.68	0.68	0.00

Santos:

STO AT A\$ ↑ 6.365 -0.055
At 21:39 d Vol 1,700,088 0 6.40T

STO AT Equity 25) Export Setting

SANTOS LTD ISIN AU000000STO6

1) Current 2) Historical 3) Matrix 4) Ownership Summary

Compare Current Stats Against 08/08/21

Institutional - Based on Current Filings

51) Institutional	08/08/21	Curr	Change
11) % of Shares Held	23.1	23.1	0.00
12) % of Float Held	23.12	23.12	0.00
13) # of Institutions	322	322	0.00%
14) # of Buyers	79	76	-3.80%
15) # of Sellers	76	75	-1.32%
16) # of New Buyers	33	32	-3.03%
17) # of Selloffs	38	38	0.00%
18) % Chg in Inst Positions	+47.94	+47.92	-0.02

Top Geographic Ownership (%)

53) Geographic	08/08/21	Curr	Change
31) United States	43.54	43.54	0.00
32) Unknown	30.38	30.37	-0.01
33) Australia	13.69	13.69	0.00
34) Ireland	2.47	2.46	-0.01
35) Guernsey	2.36	2.36	0.00
36) Japan	1.88	1.88	0.00
37) Luxembourg	1.52	1.52	0.00
38) United Kingdom	1.5	1.5	0.00
39) Switzerland	0.82	0.82	0.00

Origin:

ORG AU A\$ ↓ 4.27 -0.02
At 21:39 d Vol 1,622,524 0 4.30T

ORG AU Equity 25) Export Setting

ORIGIN ENERGY LTD ISIN AU000000ORG5

1) Current 2) Historical 3) Matrix 4) Ownership Summary

Compare Current Stats Against 08/08/21

Institutional - Based on Current Filings

51) Institutional	08/08/21	Curr	Change
11) % of Shares Held	40.91	40.92	+0.01
12) % of Float Held	40.94	40.95	+0.01
13) # of Institutions	291	291	0.00%
14) # of Buyers	69	69	0.00%
15) # of Sellers	64	62	-3.13%
16) # of New Buyers	27	25	-7.41%
17) # of Selloffs	30	30	0.00%
18) % Chg in Inst Positions	+125.04	+125.03	-0.01

Top Geographic Ownership (%)

53) Geographic	08/08/21	Curr	Change
31) United States	49.17	49.16	-0.01
32) Australia	39.6	39.59	-0.01
33) United Kingdom	4.01	4.01	0.00
34) Ireland	2.34	2.34	0.00
35) Japan	1.86	1.86	0.00
36) Luxembourg	1	1.02	+0.02
37) Switzerland	0.55	0.55	0.00
38) Norway	0.55	0.55	0.00
39) Canada	0.31	0.31	0.00

Oil Search:

OSH AT A\$ ↑ 3.89 -0.04
At 22:05 d Vol 1,611,886 0 3.92T

OSH AT Equity 25) Export Setting

OIL SEARCH LTD ISIN PG0008579883

1) Current 2) Historical 3) Matrix 4) Ownership Summary

Compare Current Stats Against 08/08/21

Institutional - Based on Current Filings

51) Institutional	08/08/21	Curr	Change
11) % of Shares Held	42.77	42.77	0.00
12) % of Float Held	33.22	33.22	0.00
13) # of Institutions	294	294	0.00%
14) # of Buyers	80	81	+1.25%
15) # of Sellers	69	69	0.00%
16) # of New Buyers	23	23	0.00%
17) # of Selloffs	26	26	0.00%
18) % Chg in Inst Positions	+107.17	+107.19	+0.02

Top Geographic Ownership (%)

53) Geographic	08/08/21	Curr	Change
31) UAE (United Arab Emirates)	33.51	33.51	0.00
32) United States	33.49	33.49	0.00
33) Australia	10.77	10.78	+0.01
34) Japan	9.77	9.77	0.00
35) Canada	2.38	2.38	0.00
36) United Kingdom	2.2	2.2	0.00
37) Ireland	1.93	1.93	0.00
38) Luxembourg	1.9	1.9	0.00
39) Hong Kong	1.05	1.05	0.00

As the evidence of the witnesses on 28 February 2020 implies, it will require a political decision to maximise benefit to the Australian public. Hope is not a strategy. I refer the Committee to my original submission of 26 October 2019. The government can insist on equity in extractive projects at the outset, in exchange for providing corporations with geoscientific information. It can insist on income-contingent fees in the same way that Australian students are required to pay back their university fees once their incomes exceed some amount. It can insist on a golden share of any future commercial opportunities arising from the project over its lifetime. It can compulsorily transfer 51 per cent of the shares into a social holding entity, compensating the owners via long-term bonds and share dilutions. Such an action would bring billions of dollars under public control and permit investment in much-needed national infrastructure, advanced manufacturing, energy efficiency, high technology research and development, and other forms of domestic innovation. \

To do the above will require ambition. The aim should be to imagine Australia as more than a quarry. It should be to develop formal industrial policies aimed at stimulating economic development, creating jobs and rebuilding the manufacturing base to better position us in advanced technology areas.

Yours sincerely,

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