

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON INDUSTRY,
SCIENCE AND RESOURCES
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AUSTRALIAN PETROLEUM PRODUCTION & EXPLORATION
ASSOCIATION LIMITED

House of Representatives Standing Committee
on Industry and Resources
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Secretary: *S. Falloon*
CN 44 000 292 7 83
HEAD OFFICE

GPO BOX 2201
CANBERRA ACT 2601

21 NOV 2002

LEVEL 3
24 MARCUS CLARKE STREET
CANBERRA ACT 2600
PHONE 61 2 6247 0960
FAX 61 2 6247 0548

PERTH OFFICE
PO BOX 7039
CLOISTERS SQUARE
PERTH WA 6850

LEVEL 1
190 ST GEORGE'S TERRACE
PERTH WA 6000
PHONE 61 8 9321 9775
FAX 61 8 9321 9778

INTERNET
<http://www.appea.com.au>

EMAIL
appea@appea.com.au

The Hon Geoff Prosser MP
Chair
House of Representatives Standing Committee
on Industry and Resources
Parliament House
CANBERRA ACT 2600

Dear Mr Prosser

This letter responds to the Committee's requests for further information during APPEA's appearance before the Committee on 21 October 2002.

Royalties to indigenous owners

The Committee asked whether petroleum companies pay a production cost in their native title regimes in Canada and the US.

In Canada, the various treaties or agreements between the indigenous peoples and the Federal and Provincial governments provide for those governments to pay a share of the royalties they receive from petroleum companies to the indigenous peoples. In the agreements APPEA has seen, that share is 10.429 per cent of the first \$2 million of royalties received in any year and 2.086 per cent of any amount over \$2 million in the year.

In the US, unlike Australia, subsurface resources are owned by the landholder, including indigenous peoples on their land. In that case, royalty rates are negotiated between indigenous landholders and petroleum companies, with government assistance. All royalties are payable to the indigenous landholders and are collected by the government and passed on to the indigenous landholders without charging a collection fee.

Both of these systems contrast with Australia, where native title does not extend to subsurface resources and no royalty is payable under the Native Title Act. However, in a number of cases in Australia 'production payments' have been negotiated between petroleum companies and native title holders and these are in addition to royalties paid to governments.

Precompetitive research

In the context of a discussion about Geoscience Australia being precluded from doing precompetitive work in certain environmentally sensitive areas, the

committee asked how precompetitive work operates in other parts of the world, say, Canada or the US.

In Canada, the Geological Survey of Canada is charged with doing assessments of the non-renewable resources (which includes petroleum) in areas proposed for national parks, including marine parks. This is to ensure that the economic and strategic significance of mineral and energy resource potential is duly considered in the national park establishment process.

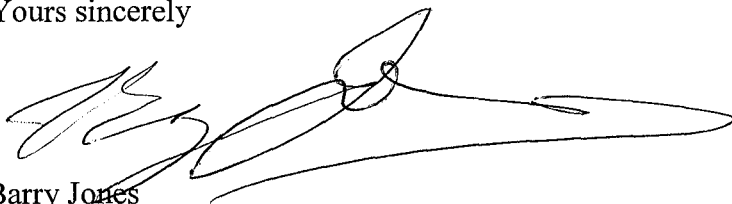
The situation in the US is less clear to us. However, the US Geological Survey has conducted resource assessments in national park areas. For example, in 1998 (during the Clinton Administration) the USGS made a comprehensive assessment of the petroleum resources in the coastal plain of the Arctic National Wildlife Refuge in view of its potentially enormous oil and gas resources. The purpose was to provide the Federal Government with information in support of decisions regarding land management, environmental quality and economic and strategic policy.

Indigenous employment

The Committee asked how much indigenous employment there is in the petroleum industry.

Indigenous people are certainly employed in the industry and some companies (eg Woodside Energy) have training programs for indigenous people. However, much indigenous employment in the industry is by contractors which are non-APPEA member companies and most companies do not systematically record the race of their employees. For these reasons, it is not possible for APPEA to obtain reliable or complete information on indigenous employment in the industry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Barry Jones', with a long horizontal flourish extending to the right.

Barry Jones
Executive Director