

Recent interpretation has shown a number of gas chimneys within the 3D data and a large number of undrilled structures with seals intact.




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Michael Chaney, Woodside Chairman.

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## Woodside: Regulatory reform needed to lessen burden on industry

Martin Kovacs, 7 Apr 2014

Asian economies are relying, and will continue to rely, on Australian natural gas, Woodside Chairman Michael Chaney has told delegates at the APPEA 2014 Conference, stating regulatory reform, and in particular workplace relations reform, will lessen the burden on industry.

"Post-Fukushima, we are seeing economies' energy policies focused on efficiency, power sector reform and reduced nuclear capacity, and of the fossil fuels, LNG is cheaper than oil, and more environmentally friendly than coal," Chaney commented.

"Governments in the region are looking for cleaner fuels to reduce their nation's carbon footprint and there is growing interest in the use of natural gas as a transport fuel. Most importantly, in vast swathes of Asia, Australia's natural gas is being used for power generation—to turn the lights on and to heat residential buildings."

Chaney stated productivity will be "especially important" amid the changing dynamic at play in the Asian market, noting "LNG is becoming an increasingly fungible commodity", with increased competition for supply on the horizon.

"For this reason, the Australian LNG industry will need to look internally to boost productivity and find efficiencies," Chaney commented. "This is about long-term structural change."

Chaney stated Woodside continues to focus on technology, "a fundamental driver of productivity and efficiency in the global LNG industry", with the decision to evaluate the FLNG development concept for Browse a "good example of technology as a strategic game changer".

"Floating LNG allows phased capital expenditure and enhances the risk profile of the project, with many costs contained within the shipyard," Chaney commented. "Cash generation is earlier and more certain, enhancing project sponsors' returns and government tax revenues."

"Perth sits poised to become the global centre of this new technology, with all the collateral benefits this would provide. It is exactly the sort of opportunity we should be looking for if we are to diversify our economy away from its current dig and deliver dominance."

### Regulatory reform

Chaney noted "any opportunities to lessen unnecessary burden or overlap should be embraced to enhance our industry's reputation as a reliable supplier".

"We look forward to the federal government delivering on its promise to

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reduce the regulatory burden for business (and individuals) by establishing and meeting a red and green tape reduction target of \$1 B per year," he stated.

"I welcome the Prime Minister's promise to set aside two parliamentary sitting days a year for the express purpose of repealing counterproductive, unnecessary or redundant legislation. It was great to see the first of these sitting days take place on the 26th of March.

"Everyone here today is aware of the significant compliance costs and regulatory burden on the Australian LNG industry. For example, development of the Pluto project required over 500 separate approvals, many needing extensive investigation and reporting; the cost to prepare an environmental plan and supporting documents for drilling an exploration well has increased from less than \$100,000 in 2011 to between \$400,000 and \$750,000 today.

"So, I welcome the government's commitment to streamlining environmental approval processes under the *Environment Protection and Biodiversity Conservation Act*."

Chaney further stated the federal government's proposed "one-stop-shop" will "facilitate objective-based, efficient regulation of environmental management", stating Woodside looks forward to continued industry engagement and guidance to assist in understanding the new requirements.

#### Workplace relations legislation a key

Chaney labelled workforce planning and workplace relations policies "perhaps the most important area" for government to focus on going forward".

"With major LNG projects due for completion in the next few years, demand for skilled and experienced labour to operate these facilities is growing," he commented.

"This rapid growth will impact the sector's ability to source skilled workers, as will international competition for experienced and skilled technicians. Industry has also identified a shortage of suitably experienced supervisors. This may have a very real impact on productivity.

"Tackling those challenges will require clear government policies on immigration and the use of imported labour.

"We welcome the flexibility shown by government in this area over recent years, but we must ensure that fundamentally sound policies like the 457 visa arrangements are not neutered by the imposition of over-burdensome regulation."

Chaney stated there are "serious shortcomings" when it comes to Australia's current workplace relations legislation.

"Our high wage structure is not matched by sufficiently high productivity, something I firmly believe is hindered by the so-called *Fair Work Act*," he commented.

"The changes to workplace laws introduced by the Rudd government—the abolition of individual workplace agreements, the reinsertion of the union between employer and employee in employment negotiations, and the increase in unions' rights of entry—were a hugely retrograde step.

"Amendments to the Act contained in the new government's recently tabled House of Representatives Bill address certain right of entry issues but, in our view, do not go far enough; and the same applies to the government's proposed greenfield determination changes.

"We do look forward to the new federal government's proposed reinstatement of the Australian Building and Construction Commission which, before its abolition, had proved to be the only effective body in the battle against union lawlessness on construction worksites.

"One hopes that the proposed review of the *Fair Work Act* by the Productivity Commission will highlight the detrimental effect the current legislation has had on Australia's competitiveness."

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