



**Ad Standards** Community Panel  
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Advertising Standards Bureau Limited  
ACN 084 452 666

## Case Report

1	<b>Case Number</b>	<b>0026/19</b>
2	<b>Advertiser</b>	<b>Santos Ltd</b>
3	<b>Product</b>	<b>House Goods Services</b>
4	<b>Type of Advertisement / media</b>	<b>TV - Free to air</b>
5	<b>Date of Determination</b>	<b>06/02/2019</b>
6	<b>DETERMINATION</b>	<b>Dismissed</b>

### ISSUES RAISED

Green Code 1 - Truthful and Factual 1)i not misleading or deceptive

Green Code 1 - Truthful and Factual 1)iii extent of environmental benefit represented clearly

Green Code 2 - Genuine Environmental Benefit 2)ii - not overstate claims

### DESCRIPTION OF THE ADVERTISEMENT

This television advertisement features various scenes of people standing with bicycles, and text on screen throughout the advertisement states "Everybody at Santos is in a race to produce reliable, affordable and cleaner energy and natural gas is the clear winner. The perfect partner for renewables in Australia and replacing coal in Asia resulting in more blue skies and cleaner air. To build a better future, the natural choice is natural gas. Santos. Proud sponsor of the Santos Tour Down Under for 10 years".

### THE COMPLAINT

A sample of comments which the complainant/s made regarding this advertisement included the following:



*I believe Santos's advertisement is misleading. Audiences are led to believe Santos's natural gas production is better for the environment than coal mines. Natural gas is coal seam gas which holds many concerns for the environment, particularly the contamination of vital aquaducts. Coal seam gas is not a renewable energy source. The advertisement presented would mislead average viewers to believe Santos provides an environmentally beneficial energy source.*

## **THE ADVERTISER'S RESPONSE**

Comments which the advertiser made in response to the complainant/s regarding this advertisement include the following:

*I am writing to address the complaint made in relation to the television advertisement for Santos that was broadcast on the Seven Network during its televised coverage of the Santos Tour Down Under.*

*The complaint:*

*The advertisement promoted Santos's environmental benefits of natural gas (CSG) compared to coal mines, alongside their involvement in the Tour Down Under.*

*Santos response:*

*The advertisement's primary function was to celebrate and promote Santos' decade-long sponsorship of the Tour Down Under, the biggest cycling event in the southern hemisphere. The only reference to "coal" in the advertisement was in relation to the use of coal in Asia, not to "coal mines" or "coal production". The advertisement stated that natural gas is replacing coal in Asia, leading to more blue skies and cleaner air in Asia.*

*This claim is factually substantiated in, for example, the Chinese State Council's three-year action plan, released in July 2018, to curb air pollution by 2020. This action plan, in some translations, is known as the "Blue Sky Defence Policy". China's so-called Blue Sky Defence policy has been expanded to cover 40 cities in northern China, mandating the replacement of coal with natural gas in certain applications. There is substantial evidence that replacement of coal by natural gas is reducing air pollution (ref. WHO Ambient Air Quality Database [Update 2018], World Health Organisation) with air pollution in 62 cities in China dropping by an average of 30% between 2013 and 2016, according to WHO tracking. The Chinese government is aiming to increase the share of natural gas in the energy mix from approximately 5% in 2015 to 8-10% in 2020 (Resources and Energy Quarterly, March 2018, Australian Government).*

*Elsewhere in Asia, South Korea last year announced the closure of old coal-fired power stations between March and June each year, India and Taiwan have announced more aggressive targets for the share of natural gas in the energy mix and delays in the restart of Japanese nuclear power plants have resulted in stronger natural gas*



*demand.*

*There are many readily obtainable, reputable, published reports substantiating the above claims. In light of the above, Santos submits that the advertisement is not misleading or deceptive, does represent the extent of environmental benefits clearly and does not overstate them.*

*Santos submits that the advertisement does not mention or make any claims with respect to “natural gas production”. Similarly, there is no mention of “coal seam gas” or “coal seam gas production” and no claims made with respect to “coal seam gas production”. Nor does the advertisement mention or make any claims with respect to “coal mining”, “coal mines” or “coal production”.*

*In the context of this advertisement communicating Santos’ sponsorship of the Tour Down Under cycling race, language such as the “clear winner” has been tied into the race theme and is intended as a prediction of winning/leading (as it is used in everyday language expressions). For example, as evidenced by the data sources listed at the end of this letter:*

- Natural gas as an energy product is growing at twice the pace of worldwide energy demand.*
- Natural gas is the fastest growing fossil fuel in the global energy mix.*
- Natural gas will overtake coal by 2030 to become the world’s second largest energy source after oil.*
- Global natural gas demand is growing and will be 45 per cent higher in 2040 than it is now.*

*Data sources:*

*- Reuters, 9 October 2018, quoting Shell CEO Ben van Beurden “By 2035, Shell expects global gas demand to grow annually by 2 per cent, twice the pace of worldwide energy demand.”*

*- Australian Petroleum Production and Exploration Association, 14 November 2018, quoting the International Energy Agency World Energy Outlook 2018 “Gas is forecast to remain the fastest-growing fossil fuel to 2040, with annual growth of 1.6 per cent.”*

*- Reuters, 13 November 2018, quoting the International Energy Agency World Energy Outlook 2018 “Natural gas is expected to overtake coal as the world's second largest energy source after oil by 2030 due to a drive to cut air pollution and the rise in liquefied natural gas (LNG) use.”*

*- Reuters, 13 November 2018, quoting the International Energy Agency World Energy Outlook 2018 “Global gas demand would increase by 1.6 percent a year to 2040 and would be 45 percent higher by then than today.”*



*Santos also submits that prior to broadcast of the advertisement on the Seven network, Santos sought and obtained advice in relation to the advertisement's compliance with advertising standards from suitably qualified person(s), trading as Commercials Advice, Mosman NSW.*

## **THE DETERMINATION**

The Ad Standards Community Panel (the "Panel") considered whether this advertisement breaches the AANA Environmental Claims in Advertising and Marketing Code (the "Environment Code").

The Panel noted the complainant's concerns that the advertisement is misleading as:

- it claims that Santos' natural gas production is better for the environment than coal mines; and
- it would mislead average viewers to believe Santos provides an environmentally beneficial energy source

The Panel viewed the advertisement and noted the advertiser's response.

The Panel noted that the text of the advertisement is "Everybody at Santos is in a race to produce reliable, affordable and cleaner energy and natural gas is the clear winner. The perfect partner for renewables in Australia and replacing coal in Asia, resulting in more blue skies and cleaner air. To build a better future the natural choice is natural gas."

The Panel considered whether the advertisement made an Environmental Claim. The Environment Code applies to 'Environmental Claims' in advertising and marketing communications. An 'Environmental Claim' is defined as 'any representation that indicates or suggests an Environmental Aspect of a product or service, a component or packaging of, or a quality relating to, a product or service.'

An 'Environmental Aspect' means 'the element of a product, a component or packaging or service that interacts with or influences (or has the capacity to interact with or influence) the Environment.'

The Environment is given a broad definition in the Code but, according to the dictionary definition means 'the broad natural surrounding conditions, such as the bush, the rivers, the air, the sea in which human beings live.'

The Panel considered section 1 of the Code which requires that 'Environmental Claims



in Advertising or Marketing Communications:

Shall not be misleading or deceptive or be likely to mislead or deceive;

Shall display any disclaimers or important limitations and qualifications prominently, in clear, plain and specific language;

Shall represent the attributes or extent of the environmental benefits or limitations as they relate to a particular aspect of a product or service in a manner that can be clearly understood by the consumer.'

The Panel considered the advertisement and considered the statement “natural gas is the clear winner” in the context of the race to produce reliable affordable and cleaner energy. The Panel considered that this statement is a claim that the product is more socially acceptable – ie: cleaner - than other energy products.

The Panel noted the references included from the advertiser. In particular the Panel noted comments that “the emission from natural gas combustion are well-known and show clear advantages for gas relative to other fossil fuels” (at <https://www.iea.org/newsroom/news/2017/october/commentary-the-environmental-case-for-natural-gas.html>) and references to natural gas being “the least polluting fossil fuel” (at <https://reuters.com/article/us-oil-conference-gas/natural-gas-here-to-stay-beyond-energy-transition-big-oil-says-idUSKCN1MJ1CJ>).

The Panel also noted reports from the International Energy Agency (IEA) that “natural gas is expected to overtake coal as the world’s second largest energy source after oil by 2030 due to a drive to cut air pollution...” (at <https://www.reuters.com/article/oil-iea-renewables/gas-to-overtake-coal-as-worlds-second-largest-energy-source-by-2030-iea-idUSL8N1XN1P7>) and that “LNG is cleaner than coal in terms of carbon emission and toxic pollutants...” (at <https://www.reuters.com/article/australia-lng-emissions/qa-how-do-emissions-from-lng-and-coal-compare-idUSL3E7FS0HG20110510>).

The Panel also noted that the method of extraction of natural gas is a topic of debate in Australia and that “extraction, processing and shipping natural gas in liquid form is an emissions-intensive exercise” and that “overall...Australia’s large coal mining industry has a lower emissions profile during production than LNG” (at <https://www.reuters.com/article/australia-lng-emissions/qa-how-do-emissions-from-lng-and-coal-compare-idUSL3E7FS0HG20110510>).

The Panel noted that the Practice Note to the Environment Code states that “it is not intended that legal tests be applied to determine whether advertisements are misleading or deceptive, or likely to mislead or deceive, in the areas of concern to this Code, Instead consideration will be given as to whether the average consumer in the



target market will be likely to be misled or deceived by the material.”

The Panel noted that the advertisement was broadcast on free-to-air television during the Tour Down Under Bicycle race and was therefore targeted to a broad audience .

The Panel also noted that the Practice Note provides that “it is not the intent for the community Panel to act as an arbiter of scientific fact, or of philosophical approaches to understanding or addressing environmental concerns”.

Taking into consideration the information provided by the advertiser and the general consumer audience, the Panel considered that the overall impression to a consumer the advertisement is that natural gas is a cleaner energy source than coal. The Panel considered that despite debate around extraction methods, it is generally accepted that natural gas is overall cleaner than coal and that therefore the advertisement is not misleading or likely to mislead.

The Panel also noted the statement in the advertisement that ‘The natural choice is natural gas’ and the complainant’s concern that the advertisement would mislead average viewers to believe Santos provides an environmentally beneficial energy source.

The Panel noted that the advertisement describes gas as “the perfect partner for renewables”, and considered that this is an indication that gas is not a renewable energy source but rather a suitable partner for renewable energy sources (such as solar and wind power) (<https://arena.gov.au/about/what-is-renewable-energy/>). The Panel noted that natural gas is naturally occurring and that the statement would indicate to an average consumer that natural gas is naturally occurring. In the Panel’s view this does not amount to an impression that natural gas provides positive benefit to the environment by virtue of its use nor that it is a replacement for renewable energy sources.

The Panel noted section 2 of the Code which requires that “Environmental claims must:

Be relevant, specific and clearly explain the significance of the claim;

Not overstate the claim expressly or by implication;

Not imply that a product or service is more socially acceptable on the whole.”

The Panel considered that the advertisement does not make any claim that would breach section 2 of the Code.

The Panel noted section 3 of the Environmental Code which states that



“Environmental Claims in Advertising or marketing Communication shall be able to be substantiated and verifiable. Supporting documentation shall include sufficient detail to allow evaluation of a claim.”

The Panel considered that the advertiser provided sufficient documentation to the Panel to substantiate the claims made in the advertisement.

The Panel determined that the advertisement did not breach the Environmental Code and dismissed the complaint.

