



# **Australian Government**

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## **Department of Industry, Innovation and Science**

Submission from the Department of Industry, Innovation and Science  
to the Environment and Communications References Committee  
Inquiry into

***The potential environmental, social and economic impacts of BP's  
planned exploratory oil drilling project, and any future oil or gas  
production in the Great Australian Bight***

March 2016

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## 1 Executive Summary

The Department of Industry, Innovation and Science is the lead Australian Government department responsible for oil and gas operations in Commonwealth waters.

The department is responsible for providing upstream offshore oil and gas related policy advice to the Australian Government. This includes supporting the Minister for Resources, Energy and Northern Australia in his role as the Commonwealth member of the Joint Authorities for the offshore areas of each State and the Northern Territory and as the Joint Authority for the offshore areas of the External Territories and of the Eastern Greater Sunrise.

The department welcomes the opportunity to make a submission to the inquiry. The department's submission provides an overview of the offshore oil and gas sector, including the titles and regulatory frameworks, the importance of objective-based regulation, the environmental regulatory regime for offshore oil and gas activities and oil pollution emergency response arrangements.

From the first oil and gas discoveries in Bass Strait, the North West Shelf and the Timor Sea through to more recent discoveries in the Carnarvon and Browse basins, offshore Australia has proved to be one of the world's most highly prospective areas for oil and gas.

Oil and gas exploration has occurred in Australia over several decades with the first Australian oil and gas exploration permit granted in 1959 in the Gippsland Basin. Throughout this time Australia's offshore oil and gas resources have been significant contributors to the Australian economy by way of export revenue, job creation and regional development. In 2014-15 the oil and gas extraction industry (including both onshore and offshore oil and gas) contributed around \$31 billion to industry gross value added and employment of around 24,000 people.

Direct benefits are returned to the Australian people during development and production, as well as benefits during the exploration phase, such as direct and in-direct employment and infrastructure development. Oil and gas production in Australia continues to play a part in maintaining global and domestic long term energy security. Australia is self-sufficient in terms of domestic gas supply and is increasing its Liquefied Natural Gas (LNG) export capacity, delivering energy security to the Asia-Pacific region.

Australia's offshore oil and gas sector is playing a significant role in the expansion of our LNG industry, supporting four of Australia's seven new LNG projects. The four new offshore based LNG projects represent \$133 billion in investment. They will add 37 million tonnes per annum to Australia's liquefaction capacity once completed over the next few years, putting Australia on track to become the world's largest LNG exporter by the end of this decade.

Offshore oil and gas exploration and development involves long lead times and significant financial investment. Competition, costs and price pressures present challenges for new offshore oil and gas projects in Australia and around the world. Australia is competing on a global scale for investment and development of its resources. It is essential that Australia continues to identify and maintain access for exploration to areas that are moderate to highly geologically prospective for oil and gas hydrocarbons to allow for new discoveries. This will

ensure critical continuity of resource supply to support existing and potential new investment in Australian oil and gas projects. In doing so, it will ensure the Australian community continues to receive the significant economic and social benefits from the responsible management of our valuable offshore oil and gas resources.

A key element of the success of the offshore oil and gas sector in Australia has been our high quality resource combined with stable policy and regulatory regimes for the offshore sector. In Australia, offshore oil and gas activities beyond state and territory coastal waters are governed by the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGSA). The legislation provides for the orderly exploration for, and recovery of, offshore oil and gas resources and sets out a basic framework of rights, entitlements and responsibilities of government and industry.

The regulatory framework ensures a high level of environmental protection whilst allowing development of an internationally competitive industry. The legislation provides that all titleholders must carry out operations in accordance with good oil field practice, including in a manner which is safe and prevents the escape of oil and gas into the environment. The legal framework is objective-based and encourages continuous improvement, rather than minimum compliance.

Under the OPGGSA, the Joint Authorities are responsible for making decisions with respect to the release of offshore oil and gas exploration areas, the granting of titles, changes to title conditions as well as core decisions about resource management and resource security. Offshore petroleum titles do not, of themselves, allow for oil and gas activities to be undertaken. Rather, the title grants the titleholder the right to apply to the independent regulator, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for further approval to undertake exploration activities including seismic surveys and exploration drilling.

NOPSEMA is an independent statutory authority and it has responsibility for the regulation of environmental management under the OPGGSA for oil and gas activities. Environmental approvals for offshore oil and gas activities in Commonwealth waters are governed by the provisions of the *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009 (Environment Regulations)*. This framework ensures optimal environmental protection whilst allowing development of an internationally competitive and sustainable industry.

It is good regulatory practice that an independent, expert regulator is responsible for ensuring a safe and environmentally responsible offshore oil and gas sector once a title has been issued. NOPSEMA's regulation of Australia's oil and gas sector has been subject to numerous independent statutory reviews and in each review NOPSEMA has been found to be a robust and competent regulator.

## **2 Role of the Department of Industry, Innovation and Science in relation to offshore oil and gas operations**

The Australian Government has jurisdiction for the regulation of oil and gas and greenhouse gas activities for Australia's offshore areas beyond coastal waters, those areas more than three nautical miles from the Territorial sea baseline. These areas are defined as 'Commonwealth waters'.

Key functions of the department in offshore oil and gas matters include:

- Administration of the legal and regulatory framework for all offshore oil and gas exploration and production activities in Commonwealth waters. This framework ensures risks to the environment are managed to be as low as reasonably practicable and within acceptable limits, whilst providing for an internationally competitive and sustainable industry.
- Administration of policy which encourages oil and gas exploration and development in Australia's offshore areas. The department aims to provide a stable, transparent and internationally competitive offshore exploration investment regime through best practice policy development, implementation and advice to government.
- Management and facilitation, in partnership with the states and the Northern Territory through Joint Authority arrangements, of the release of offshore oil and gas exploration areas, the granting of oil and gas titles and ongoing management and compliance with title conditions, as well as core decisions about resource management and resource security.
- Lead the Australian Government's involvement in emergency response arrangements.
- Work with Geoscience Australia to reduce commercial risks in oil and gas exploration by collecting and disseminating geoscientific information and investigating ways to remove impediments to industry competitiveness.

The department also works with its portfolio agencies, the Australian Institute of Marine Science (AIMS) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in consideration of its policy for offshore oil and gas matters.

- AIMS is Australia's premier tropical marine research agency. It plays a pivotal role in providing large-scale, long-term and world-class research that helps governments, industry and the wider community to make informed decisions about the management of Australia's marine estate.
- CSIRO is Australia's national science agency, conducting world renowned research and providing innovative solutions for industry, society and the environment.

This submission is provided on behalf of the department only.

The department works with several other Australian Government agencies, such as the Department of the Environment, the Department of Agriculture and Water Resources and agencies such as the Australian Maritime Safety Authority to ensure its policy formation and implementation reflects a range of considerations across government.

### **3 Overview of offshore oil and gas operations in Australia**

From the first oil and gas discoveries in Bass Strait, the North West Shelf and the Timor Sea through to more recent discoveries in the Carnarvon and Browse basins, offshore Australia has proved to be one of the world's most highly prospective areas for oil and gas exploration and development. The first Australian oil and gas exploration permit was granted in 1959 in the Gippsland Basin and as of 15 March 2016, there are now 172 offshore exploration permits, 75 retention leases and 92 production licences in Commonwealth waters.

Over this time, Australia's offshore oil and gas resources and the underlying regulatory regime governing their management have been significant contributors to the Australian economy. In 2014-15 the oil and gas extraction industry (including onshore and offshore oil and gas) contributed around \$31 billion to industry gross value added and employment of around 24,000 people.

In addition, oil and gas production in Australia continues to play an integral part in maintaining global and domestic long term energy security. Australia is self-sufficient in terms of domestic gas supply and is increasing its LNG export capacity delivering energy security to the Asia-Pacific region.

Australia imports around 75 per cent of the crude oil it refines into liquid fuels and around 50 per cent of the refined liquid fuels in Australia. The present market approach has provided a diversity of supply that has delivered minimal disruption to Australia's fuel supply over many decades. Nevertheless, rare, but high-impact geopolitical events, such as widespread global conflict, could present a significant risk to Australia's ability to import crude oil and refined product.

It is important that Australia continues to identify and maintain the potential for access to areas that are moderate to highly geologically prospective for oil and gas hydrocarbons. This will ensure Australia can maximise the exploitation of its offshore oil and gas resources to provide ongoing benefits to the Australian economy and to maintain diverse and resilient energy supplies and sustain our energy security in Australia and the broader Asia-Pacific region.

Australia's offshore oil and gas sector is playing a significant role in the expansion of Australia's LNG industry, supporting four of Australia's seven new LNG projects. This includes three conventional offshore gas based projects (Gorgon, Wheatstone and Ichthys) and the Prelude Floating LNG (FLNG) project. The Gorgon LNG project recently commenced production, while Wheatstone and Ichthys are expected to start in 2017. The Prelude FLNG project is also expected to commence production in 2017. The rest of Australia's LNG sector expansion comes from Queensland's three onshore coal seam gas based LNG projects which recently entered production.

Australia's four new offshore based LNG projects represent \$133 billion in investment and will add 37 million tonnes per annum (mtpa) to Australia's liquefaction capacity once completed over the next few years. Combined with the operating North West Shelf, Darwin and Pluto LNG projects, Australia's offshore based LNG projects will represent over 61 mtpa of Australia's total liquefaction capacity of 86.6 mtpa in 2019-20.

Largely off the back of investment in Australia's offshore oil and gas sector, Australia's LNG exports are projected to more than triple to be 76.3 million tonnes in 2019-20. This is slightly below effective capacity due to the growth in global competition, but would see Australia become the world's largest LNG exporter.

As a result, Australia's LNG export values are projected to increase to \$44.9 billion in 2019-20, at an annual average rate of 20.9 per cent (in 2015-16 dollars). Australia's LNG exports were valued at \$17 billion in 2014-15.

Competition, cost and price pressures present challenges for new LNG projects in Australia and around the world. Australia is not alone in facing rising LNG project costs. The rapid development of LNG projects in Australia has seen pressure on project costs. Should market conditions improve; the focus will be on ensuring Australia is well positioned to attract investment through new projects and brownfield expansions.

The Australian Government is working with industry on a range of measures to ensure the cost competitiveness of Australia's LNG projects. This includes regulatory reform, workforce productivity measures, promoting technology and innovation and skills and migration initiatives. These measures seek to reduce production costs, ensure access to skilled labour and increase productivity and efficiency. Now, more than ever, it is important that Australia maintains the stability in its regulatory and policy settings to encourage continued investment to provide ongoing benefits for Australia's economy.

## **4 Offshore exploration**

Although oil and gas exploration over the past 50 years has resulted in numerous discoveries and has enabled oil and gas production in distinct offshore provinces, Australia is, by global comparison, largely underexplored. Many of the offshore sedimentary basins represent vast frontier regions in which very little or no previous exploration has taken place. In order to gain a better understanding of the hydrocarbon prospectivity in these frontier regions, the Australian Government supports pre-competitive geoscience which aims to attract investment in offshore oil and gas exploration by reducing commercial risk. This is achieved through the collection and dissemination of geoscientific data and information that reduces geological uncertainties, increases efficiency by avoiding duplicative industry spend on the same information, and reduces large-scale exploration in areas of low prospectivity.

Pre-competitive work is primarily carried out by Geoscience Australia who undertakes a range of activities including:

- acquisition of new regional geological, geophysical and marine data sets
- integration of newly acquired data with existing open file data sets
- assessment of hydrocarbon prospectivity at basin scale
- provision of rigorous and updated stratigraphic frameworks for offshore basins
- provision of regional geological overviews.

Geoscience Australia develops its forward pre-competitive geoscience oil and gas work program in consultation with industry. This consultation allows the sector to contribute its ideas and interests to the pre-competitive work program and the regional geological studies. It also enables the work program to remain relevant.

### **4.1 Exploration in the Great Australian Bight**

Offshore oil and gas exploration has occurred safely in the Great Australian Bight in three major cycles—the late 1960s to early 1970s, the early 1990s, and 2000 through to the present exploration activities. The areas currently being explored in the Great Australian Bight have all previously been explored, under oil and gas titles, since the late 1960s.

Under the OPGGSA and its preceding legislation, forty-five oil and gas exploration permits have been granted in the Great Australian Bight and thirteen exploration wells have been drilled without incident. The last exploration well in the region was drilled in 2003 by Woodside Energy Pty Ltd. However, since this time, only seismic surveys have been conducted in the region. These surveys were acquired in accordance with the requirements of Australian law and during restricted periods to avoid whale migration seasons and other potential impacts.



A review of the oil and gas prospectivity of Australia's offshore frontier basins (those areas where oil and gas resources have not yet been found) determined that the Ceduna Sub-basin of the Bight Basin was the most prospective for oil and gas of the 35 areas studied.<sup>1</sup>

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<sup>1</sup> Petroleum geology inventory of Australia's offshore frontier basins, 2014, Geoscience Australia, Canberra.

## 5 Australia's offshore oil and gas regulatory framework

A key element of the success of the offshore oil and gas sector in Australia has been our high quality resources combined with stable policy and regulatory regime for the offshore sector. At the core of the regime is a system built on predictability and clarity around rights, returns and obligations while ensuring an appropriate return to the owners of the resources, the Australian people.

While the regime is based on optimising resource recovery through timely commercial development, it also provides for effective long-term management of Australia's oil and gas resources through the application of good oilfield practice and the principles of safe and sustainable development.

In Australia, offshore oil and gas activities beyond designated state and territory coastal waters are governed by the OPGGSA. The legislation provides for the orderly exploration for, and recovery of, offshore oil and gas resources and sets out a basic framework of rights, entitlements and responsibilities of government and industry.

The regulatory framework ensures a high level of environmental protection whilst allowing development of an internationally competitive and sustainable industry.

The OPGGSA is supplemented by a set of regulations including:

- *Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009* (Safety Regulations);
- *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009* (Environment Regulations); and
- *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011* (RMA Regulations).

Underpinning this legal framework are four key principles:

1. Australia's offshore oil and gas resources are best exploited (and risks managed) through commercial development.
2. Operations are to be undertaken in accordance with good oilfield practice and be compatible with the optimal long-term recovery of oil and gas.
3. All associated risks to health and safety and the marine environment are managed to be as low as reasonably practicable, and must be deemed acceptable.
4. Property rights are applied and respected through a system of licencing and titles - this gives titleholders exclusive rights and incentives to move through the oil and gas lifecycle, provided activities comply with the OPGGSA, supporting regulations and title conditions.

### 5.1 Regulatory Reforms

In 2011-12, the Australian Government implemented a package of regulatory reforms to further strengthen Australia's offshore legislative framework. These changes were in

response to recommendations coming out of the Commission of Inquiry into the 2009 incident at the Montara oil field.

On 21 August 2009, during activity being undertaken by a drilling rig in the Timor Sea, an uncontrolled oil and gas release was observed at the Montara oil field, operated by PTTEP Australasia (Ashmore Cartier) Pty Ltd. The resulting uncontrolled discharge of oil and gas was stopped on 3 November 2009.

Following the Montara incident, the Australian Government moved quickly to learn the lessons from the incident to improve the protection of human health and safety and of the marine environment so as to ensure that Australia continued to have a safe, strong and competitive offshore oil and gas sector which is able to contribute to our ongoing energy security and economic prosperity. On 5 November 2009, a Commission of Inquiry into the Montara Incident was announced, to look into the likely cause of the incident and the adequacy of the regulatory regime.

On 24 November 2010, the Montara Commission of Inquiry Report was publicly released. The findings of the Inquiry highlighted a number of operator design and regulatory failures.

The Report contained 100 findings and 105 recommendations with wide-ranging implications for government, regulators and the offshore oil and gas sector. The Report recommended, amongst other things, that the establishment of a national offshore oil and gas regulator should be pursued at a minimum. The Commission specifically recommended that a single, independent regulatory body looking after safety as a primary objective and the interdependent well integrity and environmental management, should be established.

The Australian Government released its response to the Inquiry in 2010. Of the 105 recommendations in the Report, the Australian Government accepted 92 recommendations, noted 10 and did not accept three.

In response to the recommendations, in 2011, several amendments to the OPGGSA were made. The most significant of these include:

- Offshore regulations and titles administration were separated to avoid any potential or perceived conflicts of objectives. This resulted in the administration of titles becoming centralised in the new National Offshore Petroleum Titles Administrator (NOPTA).
- Amendments to the RMA Regulations that took effect from April 2011, which gave the former National Offshore Petroleum Safety Authority (NOPSA) (now NOPSEMA) the responsibility for regulation of well operations management plans and approval of well activities.
- Regulation of environmental management activities in Commonwealth waters was added to the former NOPSA's remit. The change in name, from NOPSA to NOPSEMA, reflected these additional regulatory responsibilities.

As the single national offshore oil and gas regulator, NOPSEMA, was established to ensure only one independent regulator is responsible for regulating the safety of Australia's offshore oil and gas workers and the environment, from exploration through to decommissioning. Safety, environment protection and day-to-day operational consents are all concerned with

structural integrity. Due to this overlap, there is no clear divide between these functions and it is essential that they be regulated in an integrated manner by a single national regulator to ensure appropriate and effective administration of a high risk industry, where the consequences of incidents may be significant.

NOPSEMA is staffed by highly trained qualified technical experts with extensive experience in offshore oil and gas and environmental sciences. NOPSEMA's functions extend beyond approvals and involve extensive compliance monitoring and enforcement programs to ensure the necessary environmental safeguards are maintained.

Further information on the roles of NOPSEMA and NOPTA is provided below.

## **5.2 Regulatory responsibilities**

Within Australia's offshore oil and gas legal framework, three Australian Government entities administer the regulatory regime together with state and Northern Territory governments - these are outlined below.

### **5.2.1 Regulation of Petroleum Titles**

#### ***Joint Authority***

There is a Joint Authority for each offshore area, comprising the responsible Commonwealth Minister (currently the Minister for Resources, Energy and Northern Australia) and the relevant state or Northern Territory Resources Minister. The Joint Authority for the Eastern Greater Sunrise offshore area, the offshore area of each external territory (e.g. the Territory of Ashmore and Cartier Islands) and for the Tasmanian offshore area is the responsible Commonwealth Minister only.

The Joint Authorities make major decisions under the OPGGSA, including: the release of offshore oil and gas exploration areas; the granting of titles; changes to title conditions (such as variation or additional time to undertake an activity); as well as core decisions about resource management and resource security.

#### ***National Offshore Petroleum Titles Administrator***

NOPTA is responsible for the day-to-day administration of petroleum and greenhouse gas titles in Commonwealth waters in Australia. NOPTA is the first point of contact for all matters relating to offshore titles administration. NOPTA is part of the department.

NOPTA's key functions in Commonwealth waters are to:

- Provide information, assessments, analysis, reports and advice to the Joint Authorities.
- Manage the collection, administration and release of data.
- Facilitate life of title administration, including Joint Authority consideration of changes to title conditions, and approve registration of transfers and dealings associated with offshore petroleum titles.
- Maintain the registers of petroleum and greenhouse gas storage titles.

## 5.2.2 Regulation of offshore oil and gas facilities and activities

### *National Offshore Petroleum Safety and Environmental Management Authority*

NOPSEMA is an independent statutory authority established with the purpose of regulating all offshore oil and gas facilities and activities in Commonwealth waters, as well as designated coastal waters where regulatory functions have been conferred. This mandate comprises oversight for health and safety, well integrity and environmental management of offshore oil and gas and greenhouse gas storage activities in Commonwealth waters.

The single national regulator model reflects international leading practice for the regulation of offshore oil and gas and provides nationally consistent regulation of safety, well integrity and environmental management across the offshore oil and gas sector for Australia.

### *Governance*

NOPSEMA is an independent statutory authority established under the OPGGSA, and is accountable to the responsible Commonwealth Minister, the Minister for Resources, Energy and Northern Australia. As an independent regulator, NOPSEMA remains separate from policy activities which promote the development of Australia's offshore oil and gas sector.

NOPSEMA's regulation of the offshore oil and gas is subject to a range of governance controls, including parliamentary oversight, ministerial policy direction and independent statutory reviews.

NOPSEMA has an advisory Board that provides advice and makes recommendations to the Responsible Commonwealth Minister and the Council of Australian Governments (COAG) Energy Council (comprising of Commonwealth and State and Territory Energy and Resources Ministers) on the performance by NOPSEMA of its functions and policy and strategic matters relating to:

- Occupational health and safety of persons engaged in offshore oil and gas operations.
- Structural integrity of facilities, wells or well-related equipment in offshore waters.
- Offshore oil and gas environmental management.

The Board also gives advice and recommendations to the NOPSEMA Chief Executive Officer (CEO) about operational policies and strategies in the performance of NOPSEMA's functions.

In accordance with the OPGGSA, Board members are selected for appointment by the COAG Energy Council prior to being formally appointed by the responsible Commonwealth Minister. NOPSEMA Board members are appointed for a period of no longer than three years.

The Commonwealth Minister for Resources, Energy and Northern Australia has issued NOPSEMA with a Statement of Expectations which embodies the guiding principles for NOPSEMA to perform the functions and powers conferred on it under the OPGGSA and associated regulations. This Statement of Expectations will be updated in July 2016.

The Commonwealth Minister, after consultation with relevant State or Territory Ministers, may also issue policy principles to NOPSEMA, with which NOPSEMA must comply. These policy principles direct the manner in which NOPSEMA fulfils its responsibilities.

NOPSEMA is also required to report annually to the Commonwealth Minister for the Environment detailing decisions made on assessments, findings of any compliance inspections, reported environmental incidents and any investigations underway.

### **5.3 Operational Reviews of NOPSEMA and NOPTA**

The OPGGSA requires reviews of the operations of the regulator, NOPSEMA, as well as the titles administrator, NOPTA. On 23 December 2014, the former Minister for Industry and Science, the Hon Ian Macfarlane MP, commissioned the 2015 Operational Review of NOPSEMA and the Operational Review of NOPTA. These were conducted as two separate reviews.

The Reviews were conducted by a panel of experts and covered the three year period from each organisation's establishment on 1 January 2012 to 31 December 2014. Subsequent operational reviews will occur every five years, in accordance with the requirements of the OPGGSA. The Government response to both of the reviews was tabled in both Houses of the Parliament in December 2015.

The NOPSEMA Operational Review found that NOPSEMA is an effective regulator that has made positive contributions to improving safety, well integrity and managing Australia's offshore environment. The Review made 16 recommendations, 15 of which were accepted by the Government with one being noted.

The NOPTA Operational Review found that NOPTA is effectively carrying out its assigned functions, including contributing effectively to the decision-making of the Joint Authority, and concluded that NOPTA's establishment and subsequent operations have to a large extent met the Australian Government's response to the *2009 Productivity Commission Review of the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*. The Review made 12 recommendations. The Government response noted six, accepted five and agreed in principle with one.

Work has begun on implementing the recommendations. An implementation progress report will be provided to the responsible Commonwealth Minister by 31 August 2016.

## **6 Offshore Petroleum Titles**

In Australia, offshore oil and gas exploration and development is regulated by a title system.

Oil and gas activities can only occur if a company holds a valid title. This provides holders with an exclusive right to apply for further approvals to conduct safe oil and gas operations in the title area.

Petroleum titles are awarded on a successive basis, beginning with an exploration permit. If a discovery is made and a location declared, the titleholder may apply for a production licence (if the discovery is commercial) or a retention lease (if the discovery is not commercial but is likely to become commercial within 15 years). From a retention lease, the titleholder progresses to a production licence once the discovery becomes commercial.

### **6.1 Offshore Petroleum Exploration Acreage Release**

The Offshore Petroleum Exploration Acreage Release is a key part of the Australian Government's strategy to increase and promote oil and gas exploration and development in Commonwealth waters.

'Acreage' refers to vacant offshore areas in Commonwealth waters that companies can place a competitive bid for. The regular release of acreage provides explorers with new opportunities to invest in Australia's oil and gas sector and enables the industry to undertake longer term planning to support the ongoing investment in, and development of, Australia's offshore oil and gas exploration sector. It is the first of several steps towards being able to undertake exploratory activities under a six-year exploration title.

Prior to the acreage release being announced by the responsible Commonwealth Minister (currently the Minister for Resources, Energy and Northern Australia), the department and Geoscience Australia undertake a 10-12 month process in order to select the areas. Three key components of this are: the nomination of an area by industry, states/Northern Territory or Geoscience Australia; consideration of nominated areas; and the consultation process. The consultation process considers a range of factors that may include: prospectivity; existence of title; proximity to sensitive marine zones; or other factors deemed relevant.

In recognition of the multi-use nature of the marine environment, once the areas have been short-listed, the department undertakes targeted consultation with Commonwealth, state and Northern Territory agencies responsible for managing the marine environment and representative industry groups whose members have access rights such as fishing licences. The department consults with officers in the Commonwealth Department of the Environment, who provide comprehensive comments on the environmental considerations of each release area including whether the area overlaps a Commonwealth Marine Reserve. In addition, the department consults with Parks Australia.

The targeted consultation assesses factors such as maritime boundaries, environmental and fisheries impacts, defence and communications requirements, maritime safety and native title interests. The information is then collated and published as part of the final acreage release package. The outcomes of the targeted consultation may also lead to the inclusion of specific conditions if a title is awarded in that area and/or the reshaping or removal of an area to balance competing interests.

At the conclusion of the targeted consultation, the department makes the proposed areas for the following year's acreage release publicly available. This has traditionally been done through the department's occasional e-newsletter on oil and gas matters known as the 'Australian Petroleum News'. In response to increased community interest in the acreage release process, the department also made the proposed areas for the 2016 acreage release publicly available on the department's consultation hub. This provided the Australian community an opportunity to provide comment on the proposed areas. The consultation hub was advertised through the Australian Petroleum News and the use of the government's business.gov.au subscription service.

The areas are then finalised and the responsible Commonwealth Minister announces the acreage release to the global oil and gas sector. The oil and gas sector is then invited to submit competitive work program bids on area(s) of interest. Further information on the acreage release is available at [www.petroleum-acreage.gov.au](http://www.petroleum-acreage.gov.au).

## **6.2 Issuing Titles**

Once an acreage release bid is submitted, the bid is assessed by NOPTA to determine if it meets the requirements of the OPGGSA and the relevant guideline. The applicant must provide evidence of financial and technical capability and comprehensively detail the proposed exploratory activities to be carried out in the release area. It should be noted that the release of an area as part of the acreage release does not automatically result in a title being awarded. An area may not receive any bids or the bid(s) may not meet the requirements of the OPGGSA and/or the guideline.

Following a comprehensive assessment of the bid by NOPTA, advice is provided to the respective Joint Authority. The Joint Authority considers the advice provided and any other factors deemed relevant, to determine the most deserving bidder to whom to offer the grant of an exploration title. The OPGGSA provides that the Joint Authority may grant an exploration title subject to any conditions it considers appropriate.

NOPTA, on behalf of the Joint Authority, executes the decision and makes an offer to grant to the most deserving bidder who can accept or refuse the offer. If the offer is accepted, NOPTA, on behalf of the Joint Authority, will grant an exploration title and publish a notification in the Australian Government Gazette. If the offer is refused and a second bidder was also deemed suitable, an offer will be made to the second bidder.

It is important to note the granting of an exploration title authorises the holder to undertake oil and gas exploration activities subject to the OPGGSA and the regulations. This includes the requirement for the titleholder to apply to the independent regulator, NOPSEMA, for safety, well integrity and environment-related permissions, prior to undertaking exploration activities. Further detail on the environmental approvals is in Section 8.

## **6.3 Process of awarding BP's titles in the Great Australian Bight**

In June 2009, the responsible Commonwealth Minister invited bids on areas released as part of the 2009 Offshore Petroleum Exploration Acreage Release. In April 2010, BP Developments Australia Pty Ltd (BP) lodged a bid over release areas located in the Great Australian Bight.



Following an extensive assessment and due diligence process that examined the technical and financial competence of BP to undertake the proposed work program, in accordance with the stringent requirements of Australian legislation, on 14 January 2011 the Commonwealth-South Australia Offshore Joint Authority awarded four petroleum exploration titles to BP in the Great Australian Bight.

In light of the Macondo incident in the Gulf of Mexico, and acknowledging the sensitive environmental and agricultural elements underpinning the rural economy in the Bight Basin, the Commonwealth-South Australia Offshore Petroleum Joint Authority imposed additional special conditions on all four of BP's titles. The legislative option to impose additional conditions at the time of granting an exploration title is an important consideration for decision-makers.

The conditions imposed on BP's titles were in addition to the standard conditions with which BP must also comply. The conditions are publicly available and address specific technical requirements for well design, environment, health and safety. They are as follows:

- Exploration well design: All well casing and cement design is to be undertaken by an appropriately qualified and experienced engineer, who, along with other such personnel associated with permit activities, will make themselves available for peer review at the discretion, and to the satisfaction of NOPSEMA.
- Prior to the commencement of drilling, the permittee is required to lodge with NOPSEMA:
  - An approved well design integrity monitoring plan designed to assure well integrity within each well, which must be agreed by NOPSEMA and will include quarterly compliance reporting.
  - Independent certification by the original provider, prior to installation, that each Blowout Preventer to be used has been satisfactorily tested to design pressures.
- Prior to the commencement of drilling activities, the permittee must satisfy and have approved by NOPSEMA, the hydrocarbon spill mitigation technologies and risk mitigation processes that it will deploy throughout the drill and maintain for the active life of the well.
- As soon as practicable after the completion of drilling, and prior to the commencement of any other exploration activity, the permittee will conduct and report to NOPTA, for review by NOPSEMA, on Cement Bond Logging to demonstrate effectiveness of cement jobs behind well casing.
- The permittee will undertake an annual Environment, Health and Safety Management System self-assessment each year, as per requirements determined by NOPSEMA, in relation to the effectiveness of system elements, including the Management of Change processes and procedures.

Throughout the course of its exploratory activities, BP must satisfy regulators that they have complied not only with the special conditions, but also all standard title conditions and any other legislative requirements, in order to retain their title.

Special conditions were also placed on Bight Petroleum's titles in the Great Australian Bight in 2011.

## 7 Objective-based regulation

Under objective-based regulatory regimes, such as is used in Australia's regulation of offshore oil and gas, project developers must consider and identify the acceptable outcomes for all environmental matters, including matters of national environmental significance. The activity approved must also include a clear demonstration of how those outcomes will be delivered. This is in contrast to requirements under a prescriptive regulatory regime, where the project developers only consider those matters specifically identified by the regulation and meet the minimum standard of protection the regulator prescribes.

The outcome of an objective-based regime is that project developers consider the costs and implications to the environment as part of their investment decisions. In this regard, objective-based regulation encourages continuous improvement to achieve appropriate environmental outcomes and ecologically sustainable development. It ensures flexibility in operational matters to meet the unique nature of different projects, and avoids a 'one size fits all' approach to regulation, allowing industry to determine the most effective and efficient way to operate.

Objective-based regulation is regarded as world's best practice for high hazard industries, such as the offshore oil and gas sector. The evolution from prescriptive-based regulation to objective-based regulation stemmed in large part from the 1988 Piper Alpha disaster in the United Kingdom sector of the North Sea where the Piper Alpha offshore oil and gas platform suffered an explosion. The incident led worldwide to a fundamental reassessment of how best to regulate the offshore oil and gas sector. The UK Committee of Inquiry into the Piper Alpha disaster recommended moving from prescriptive regulation to an objective-based regime.

NOPSEMA regulates occupational health and safety, well integrity and environmental management of offshore oil and gas sector activities under an objective-based regime. Objective-based regulatory regimes are based on the principle that the legislation sets the broad safety (or environmental) goals to be attained and those undertaking operations or activities must develop the most appropriate methods of achieving those goals. It places the onus and duty of care for environmental protection on project developers seeking to undertake an offshore oil and gas activity. For oil and gas activities, the project developers must demonstrate to NOPSEMA – and NOPSEMA must assess and accept or not accept – that it has reduced the impacts and risks of an activity to as low as reasonably practicable. These environmental impacts and risks must also be of an acceptable level.

Key components of objective-based regulation include:

- Titleholders must consider and identify the acceptable outcomes for all environmental or safety matters and make a clear demonstration of how those outcomes will be achieved. This is in contrast to requirements under a prescriptive regulatory regime, where the project developers only consider those matters specifically identified by the regulation and meet the minimum standard of protection that the regulator prescribes.
- The titleholder's risk management can be tailored to the impacts and risks unique to the oil and gas activity.
- Responsibility for managing risks rests with the titleholder who is best placed to identify and manage the impacts and risks of their activity to as low as reasonably

practicable and acceptable levels, and to set appropriate performance measures (outcomes and standards).

- The titleholder has the flexibility to implement new technologies to meet and exceed the performance outcomes and standards they have set for the activity, promoting continuous improvement.

## 8 Environmental Regulation of offshore oil and gas activities

Offshore petroleum titles, including exploration titles, do not of themselves, allow for oil and gas exploration activities to be undertaken. Rather, an exploration title grants the titleholder the right to apply to the independent regulator, NOPSEMA, for further approvals to undertake exploration activities within the title area.

Environmental approvals for offshore oil and gas activities in Commonwealth waters are governed by the provisions of the Environment Regulations.

By law, before commencing an activity in Commonwealth waters, a titleholder must have an Environment Plan for the activity accepted by NOPSEMA. The Environment Regulations set out the criteria for acceptance and the content requirements for Environment Plans.

The object of the Environment Regulations is to ensure that oil and gas and greenhouse gas activities are carried out in a manner that is consistent with the principles of ecologically sustainable development and in a manner by which all environmental impacts and risks of the activity will be reduced to as low as reasonably practicable and acceptable levels. The Environment Regulations include requirements for consideration of matters of national environmental significance that are protected under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act), including Commonwealth Marine Reserves.

For ongoing activities, titleholders must continue to demonstrate that impacts and risks to Commonwealth Marine Reserves are at acceptable levels, reduced to as low as reasonably practicable and are consistent with the relevant Commonwealth Marine Reserve management plans, where applicable.

The Environment Regulations also include rigorous consultation requirements. In the course of preparing an Environment Plan, or a revision of an Environment Plan, the titleholder for an activity must consult with relevant persons including a person or organisation whose functions, interests or activities may be affected by the activities to be carried out under the Environment Plan, or any other person or organisation that the titleholder considers relevant. The Environment Plan must demonstrate consultation processes are in place and the titleholder, having undertaken appropriate consultation in preparation of the Environment Plan, has adopted or proposes to adopt appropriate management measures resulting from the consultation (if any).

The Environment Regulations also specify that a titleholder is required to provide sufficient information to allow the relevant person to make an informed assessment of the possible consequences of the activity on the functions, interests or activities of the relevant person and a reasonable period for the consultation. This provides a mechanism to ensure that titleholders can better meet specific information needs of relevant stakeholders and more readily address any claims or objections raised.

‘Relevant persons’ may include Australian Government agencies, individuals, community groups, non-government (including conservation) organisations, fishing, tourism and other business operators, depending on the proposed activity and the environment that may be impacted by that activity.

Under the Environment Regulations, NOPSEMA cannot accept an Environment Plan that does not demonstrate that requirements relating to consultation, including ongoing consultation arrangements, with all relevant persons have been met.

As part of the Environment Plan, titleholders must also include a comprehensive oil pollution emergency plan including detailed arrangements for responding to and monitoring any oil pollution event. Further detail is included in section 8.2.

If a titleholder is unable to demonstrate that their Environment Plan meets the criteria for acceptance under regulation 10A of the *Offshore Oil and gas and Greenhouse Gas Storage (Environment) Regulations 2009* NOPSEMA must refuse to accept the plan.

This refusal is subject to NOPSEMA providing the titleholder a reasonable opportunity to modify and resubmit the Environment Plan. A refusal decision does not preclude a titleholder from submitting a new Environment Plan for assessment if they choose to do so.

NOPSEMA is staffed by highly trained qualified technical experts with extensive experience in offshore oil and gas and environmental sciences. As an independent regulator, NOPSEMA makes merit-based decisions based on the material evidence and facts of each proposal. NOPSEMA's functions extend beyond approvals and involve extensive compliance monitoring and enforcement programs to ensure the necessary environmental safeguards are maintained.

NOPSEMA's environmental regulation of Australia's oil and gas sector has been subject to numerous independent statutory reviews and in each review NOPSEMA has been found to be a robust and competent regulator.

## **8.1 Commonwealth Marine Reserves**

The Commonwealth Marine Area (CMA) is a matter of national environmental significance protected under Part 3 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

Commonwealth Marine Reserves (CMR) are areas within the CMA that are proclaimed under the EPBC Act for the purpose of protecting and maintaining biological diversity and which contribute to a national representative system of marine protected areas. There are five networks of CMRs plus the stand-alone Coral Sea CMR.

During the preparation of an Environment Plan, titleholders must demonstrate that impacts and risks on the CMA more broadly and relevant CMRs, from both planned petroleum activities and emergency response activities will be reduced to as low as reasonably practicable and will not result in unacceptable impacts to the environment of the CMA, including CMRs.

Titleholders must continue to demonstrate throughout an activity that impacts and risks to CMRs are not unacceptable, reduced to as low as reasonably practicable and consistent with relevant CMR management plans and any associated requirements.

If there are no CMR management plans in place, titleholders should ensure that their activities are consistent with the Australian International Union for Conservation of Nature

(IUCN) reserve management principles for the IUCN category to which the reserve or reserve zone was assigned by the proclamation.

## **8.2 Streamlining offshore oil and gas environmental approvals**

On 28 February 2014, the Minister for the Environment and the former Minister for Industry announced a new streamlined approach for environmental approvals for offshore oil and gas and greenhouse gas activities, which established NOPSEMA as the sole designated assessor for these activities in Commonwealth waters.

Prior to 28 February 2014, offshore oil and gas and greenhouse gas activities in Commonwealth waters that are likely to impact on matters of national environmental significance – as defined in the EPBC Act - were subject to regulation under both the OPGGSA and the EPBC Act. This dual assessment, monitoring and enforcement imposed an unnecessary burden on stakeholders without any additional environmental protection benefits.

Several independent reviews recommended streamlining the regulatory requirements of the EPBC Act and the OPGGS Act. These reviews include:

- Productivity Commission Research Report on Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector (April 2009)
- Report of the Independent Review of the Environment Protection and Biodiversity Conservation Act 1999 (the Hawke Review October 2009)
- Report of the Montara Commission of Inquiry (June 2010)
- Draft Productivity Commission Report on Mineral and Energy Resource Exploration (May 2013).

On 24 October 2013, the former Minister for Industry and the Minister for the Environment and the former CEO of NOPSEMA agreed to undertake a strategic assessment of the environmental management process administered by NOPSEMA under the OPGGSA. The strategic assessment was undertaken under Part 10 of the EPBC Act and examined NOPSEMA's environmental management processes for offshore oil and gas projects against the EPBC Act.

A taskforce was established by the former Department of Industry to progress the strategic assessment. The taskforce was comprised of officers from the Department of Industry, the Department of the Environment, NOPSEMA, Woodside and Santos to develop the Program and Strategic Assessment Report for assessment under the EPBC Act.

The taskforce undertook extensive public consultation with thirteen information sessions on the Program, draft Strategic Assessment Report, and draft regulations held during the weeks of 25-29 November and 9-12 December 2013. Sessions were attended by individuals representing industry, community groups, the fishing industry and government.

The strategic assessment demonstrated that streamlining environmental approvals leads to environmental outcomes equivalent to those that would be achieved under the EPBC Act. This means that the current high environmental standards of the EPBC Act are maintained.

The protective mechanisms of the EPBC Act, such as recovery plans and threat abatement plans, continue to be applied.

On 27 February 2014, the Minister for the Environment granted a class of action approval for oil and gas and greenhouse gas activities undertaken in Commonwealth waters in accordance with the endorsed offshore environmental management authorisation process for oil and gas and greenhouse gas activities administered by NOPSEMA under the OPGGSA (the Program), subject to the exclusions described in the final approval decision notice.

The Minister's approval means titleholders seeking to undertake offshore oil and gas or greenhouse gas activities in Commonwealth waters in accordance with the Program no longer need to refer those actions for assessment under the EPBC Act. Under these arrangements, environmental protection is examined through the NOPSEMA decision-making processes.

The endorsed Program describes a range of commitments by NOPSEMA to ensure that activities carried out do not have unacceptable impacts on matters protected under Part 3 of the EPBC Act. These commitments include:

- NOPSEMA will not accept an Environment Plan that involves the activity or part of the activity, other than arrangements for environmental monitoring or for responding to an emergency, being conducted in any part of a declared World Heritage property within the meaning of the EPBC Act.
- NOPSEMA will not accept an Environment Plan that proposes activities that will contravene a plan of management or proposes unacceptable impacts to a matter protected under Part 3 of the EPBC Act.
- In undertaking assessments, NOPSEMA will have regard to relevant policy documents, plans, conservation advice and guidelines on the Department of the Environment website.

In order to measure the performance of the Program against the Program objectives and commitments, a framework for evaluating, reporting and monitoring the Program has been developed. Reviews will be conducted against Terms of Reference and the results provided to the Department of the Environment. The review framework includes:

- A review of the Program after 12 months of operation, to be submitted within 18 months of Program endorsement.
- A review of the Program every five years for the life of the Program to assess progress in achieving the objectives of the Program.
- An annual report detailing all relevant decisions made under the Program.

In 2015, an independent review of NOPSEMA's compliance with the Program was undertaken. Overall the independent reviewer determined that the Program commitments which were triggered during the review period have been met and the required processes and procedures are in place for Program commitments to continue to be met in the future.



### **8.3 Oil Pollution Emergency Plan**

As per section 8 of the Environment Regulations, a titleholder is responsible for preparing and maintaining an Environment Plan. The Environment Plan must have an implementation strategy that must include an oil pollution emergency plan.

The intent of the Environment Regulations is to ensure that oil pollution risks associated with the activity have been detailed and evaluated, enabling appropriate control measures to be put in place to meet set standards of performance. The titleholder must demonstrate all measures reasonably practicable are being done to prepare for and minimise the likelihood of their specific oil pollution risks.

An oil pollution emergency plan is required to include the following information:

- The control measures (e.g. systems, equipment, people or procedures) necessary for timely response to an emergency that results or may result in oil pollution.
- The arrangements and capability that will be in place, for the duration of the activity, to ensure timely implementation of the control measures, including arrangements for ongoing maintenance of response capability.
- The arrangements and capability that will be in place for monitoring the effectiveness of the control measures if they are required to be deployed, and ensuring that the control measures are performing to the required standard.
- The arrangements and capability in place for monitoring oil pollution to inform response activities.

The oil pollution emergency plan is intended to ensure that the titleholder has demonstrated that it can respond as quickly and effectively as possible in the event of an emergency that has resulted or may result in oil pollution, to avoid or minimise potential environmental damage.

In assessing an oil pollution emergency plan as part of an Environment Plan, NOPSEMA will consider the adequacy of the arrangements proposed in deciding whether to accept or refuse to accept the overall Environment Plan.

Although the oil pollution emergency plan is assessed by NOPSEMA as part of the Environment Plan assessment process prior to the commencement of an activity, it is intended to be a 'living' document. As further information or improved technology becomes available, the plan should be updated to ensure the continued adequacy and appropriateness of control measures for timely and effective response to an emergency which results or may result in oil pollution.

### **8.4 Financial assurance**

The OPGGSA also requires a titleholder, at all times while the title is in force, to maintain financial assurance sufficient to give the titleholder the capacity to meet costs, expenses and liabilities arising in connection with the carrying out of an oil and gas activity in the title area. This requirement is intended to ensure that the titleholder will have the capacity to meet extraordinary costs, expenses and liabilities that go beyond the normal operational and

commercial costs of engaging in the offshore oil and gas sector. This includes costs, expenses and liabilities arising in connection with complying with the titleholder's legislative obligations under the OPGGSA, including its duty in relation to controlling, cleaning up and monitoring the effects of any escape of oil and gas, or reimbursing NOPSEMA, or the responsible Commonwealth Minister, if the titleholder has failed to comply with its duty.

The amount of financial assurance titleholders require should consider the most potentially 'costly' unplanned incident or event that could occur in connection with the activity, and the worst realistically predictable consequences of that incident or event, having regard to the relevant circumstances in which the activity is to be carried out.

The Environment Regulations also provide a mechanism for NOPSEMA to assess compliance with the requirement to maintain financial assurance, as a condition precedent to the acceptance of an Environment Plan. The titleholder is therefore required to demonstrate that it has complied with the financial assurance obligations along with the submission of the Environment Plan for the relevant oil and gas activity. NOPSEMA must not accept the Environment Plan unless it is reasonably satisfied that financial assurance in relation to the activity (or activities) is sufficient, and in an acceptable form.

The Environment Regulations also provide that a failure by a titleholder to continue to maintain sufficient financial assurance is a ground for NOPSEMA to withdraw its acceptance of an Environment Plan.

## **8.5 Oil Spill response**

In the event of an offshore oil and gas environmental incident, the titleholder has responsibility under the OPGGSA for emergency response.

- Titleholders are required to report any incident to NOPSEMA within two hours of the first occurrence, or first detection of the occurrence, of the incident.
- Titleholders operate as the Control Agency in responding to a spill, as per their oil pollution emergency plan.

Under the OPGGSA an oil and gas titleholder must do the following:

- Take all reasonably practicable steps to eliminate or control the escape of oil and gas, as soon as possible after becoming aware of it.
- Clean up the escaped oil and gas and remediate any resulting damage to the environment.
- Carry out environmental monitoring of the impact of the escape on the environment.

The Australian Maritime Safety Authority (AMSA) may, upon request, support an offshore oil and gas titleholder in responding to an incident. AMSA has a number of memoranda of understanding (MOUs) with offshore oil and gas operators in relation to oil spill preparedness and response.

Titleholders may also establish arrangements in their oil pollution emergency plan to use equipment and expertise from industry-funded cooperatives such as the Australian Marine

Oil Spill Centre (AMOSOC) or Oil Spill Response Limited (OSRL). BP is member of both these organisations.

## **8.6 Role of the Australian Government in responding to an oil spill**

The Australian Government does not have a direct response role in responding to an oil spill.

The Australian Government Crisis Management Framework (AGCMF) outlines that leadership of the Australian Government's response to a crisis will, in the first instance, be the responsibility of the relevant portfolio minister. In the event of a significant oil and gas incident in Commonwealth waters, the Minister for Resources, Energy and Northern Australia is the lead Commonwealth Minister.

In response to the Report of the Montara Commission of Inquiry, the Australian Government agreed that in responding to future oil and gas incidents, a central incident coordination committee be convened and chaired by the Department of Industry, Innovation and Science. The Committee is the Offshore Petroleum Incident Coordination Committee (OPICC).

The OPICC's Framework outlines the governance arrangements for the OPICC, including its purpose, membership and key protocols for member agencies. The OPICC's purpose is to effectively coordinate Australian Government efforts and resources, and communicate to the public and affected stakeholders all matters relevant to a significant offshore oil and gas incident in Commonwealth waters. The OPICC's roles and responsibilities are:

- Providing leadership and strategic coordination in response to an incident.
- Developing and communicating a common operating picture on behalf of the Australian Government.
- Reporting to relevant Ministers and governments on the conduct and associated risks of emergency and response operations.
- Developing and implementing a whole-of-government approach to media management in response to the incident.
- Developing and implementing a whole-of-government approach to community engagement in response to the incident.
- Providing support to the Control Agency as required.

The Framework recognises and is intended to interface with other emergency incident response/coordination frameworks including: titleholders' oil pollution emergency plans; the National Plan for Maritime Environmental Emergencies; the Australian Government Crisis Management Framework and other whole of Australian Government Crisis Management Plans, and State or Northern Territory marine pollution contingency plans as appropriate.

The OPICC is not a mechanism to:

- Deploy Commonwealth resources for the operational response. As noted above, deploying resources is, in the first instance, the offshore petroleum titleholder's responsibility and shall be coordinated in accordance with their oil pollution emergency plan and other regulatory instruments.

- Incident control or implementing operational response arrangements. This is the responsibility of the Control Agency.
- Assume regulatory responsibilities, which remain at all times with the relevant regulatory agencies.

The decision to activate the OPICC will be determined by the scale and nature of the incident and may be taken by the responsible officers within the Department of Industry, Innovation and Science in consultation with other agencies and regulators.

The OPICC is convened and chaired by a Deputy Secretary of the Department of Industry, Innovation and Science (or his/her delegate) and includes senior representatives from key agencies, other relevant government agencies at Commonwealth and State/Territory level and industry representatives where appropriate. The exact OPICC composition will be determined by the Chair depending on the nature of the incident.

## **9 Conclusion**

Offshore oil and gas exploration and production has occurred in Australia over many decades, providing direct returns to the Australian economy and communities. Australia's offshore oil and gas regulatory framework has proven to be an effective and robust regime that has allowed for the exploration and development of Australia's offshore resources while ensuring stringent environmental protections.

Offshore oil and gas exploration and development involves long lead times and significant financial investment. It is crucial to the future of this important industry that we continue to allow for the discovery of new supply. This will ensure the Australian community continues to receive the significant economic and social benefits from the responsible management of our valuable offshore oil and gas resources.