



Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010

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Contents

Purpose	2
Background.....	3
Independent NOPSA Review 2008.....	3
Productivity Commission Inquiry 2008–09	4
Onshore petroleum safety regulation inquiry 2009	5
Committee consideration	6
Position of significant interest groups	6
Financial implications	7
Main provisions	7
Retention of registration fees to fund the establishment of NOPR.....	7
Comment.....	8
NOPSA’s new non-OHS functions	9
Comment.....	11
Strict liability offences	11
Restricting titleholders’ OHS responsibilities.....	13
Concluding comments	15

Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010

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House: House of Representatives

Portfolio: Resources and Energy

Commencement: Sections 1–3: on Royal Assent; Schedule 1 Part 1: 1 July 2010; Schedule 1 Parts 2–7: day after Royal Assent; Schedule 1 Part 8: 1 January 2010

Links: The [relevant links](#) to the Bill, Explanatory Memorandum and second reading speech can be accessed via BillsNet, which is at <http://www.aph.gov.au/bills/>. When Bills have been passed they can be found at ComLaw, which is at <http://www.comlaw.gov.au/>.

Purpose

The Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010 (the Bill) seeks to amend the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act) for several reasons, including:

- to enable the Commonwealth to retain registration fees
- adding to the functions of the National Offshore Petroleum Safety Authority (NOPSA) the regulatory oversight of non-occupational health and safety (OHS) structural integrity for facilities, wells and well-related equipment
- making certain offences under the Act (consisting of a failure to do or the doing of an act) strict liability offences, and
- restricting titleholders' OHS responsibilities to wells and not to facilities more generally.¹

1. As to the meaning of 'facilities', 'non-OHS structural integrity' and 'well-related equipment', see *Offshore Petroleum and Greenhouse Gas Storage Act 2006* Schedule 3 clause 4; and **items 4 and 8 of Schedule 1 Part 1** of the Bill, respectively.

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Background

For background information about inquiries and reforms relating to offshore petroleum and greenhouse gas storage, and in particular, NOPSA's role and issues relating to OHS, see the Bills Digests for:

- the [Offshore Petroleum Amendment \(Greenhouse Gas Storage\) Bill 2008](#), and
- the [Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment Bill 2009](#).²

Please note that, along with this Bill, the Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Amendment Bill 2010 (the Safety Levies Amendment Bill) had also been introduced into Parliament on 10 February 2010.³

Independent NOPSA Review 2008

NOPSA was established on 1 January 2005 under the *Petroleum (Submerged Lands) Act 1967* (PSLA) and, under the PSLA, NOPSA's operational effectiveness had to be reviewed after three years.⁴ A team of three independent safety experts (the review team) conducted the review during 2007 and subsequently reported to the Minister of Resources, Energy and Tourism on 4 March 2008.⁵

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2. J Styles, M Coombs, S Scully and K Post, 'Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008', *Bills Digest*, no. 26, 2008–09, pp. 6–14; M Coombs, 'Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment Bill 2009', *Bills Digest*, no. 133, 2008–09, pp. 3–11.
 3. For further information about the Safety Levies Amendment Bill, see M Coombs, 'Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Amendment Bill 2010', *Bills Digest*, no. 127, 2009–10.
 4. For further information about this review, see Department of Resources, Energy and Tourism, *National Offshore Petroleum Safety Authority – operational review of NOPSA*, viewed 3 March 2010, http://www.ret.gov.au/resources/upstream_petroleum/offshore_petroleum_safety/national_offshore_petroleum_safety_authority/Pages/NationalOffshorePetroleumAuthority.aspx.
 5. See M Ognedal, D Griffiths and B Lake, *Review of the National Offshore Petroleum Safety Authority operational activities February-March 2008*, Commonwealth of Australia, 2008, viewed 2 March 2010, http://www.ret.gov.au/resources/upstream_petroleum/offshore_petroleum_safety/national_offshore_petroleum_safety_authority/Documents/report_independent_review_team_final.pdf

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The review team supported the view that the NOPSA's regime should cover, and be adequately resourced to cover, the integrity of pipelines, subsea equipment and wells.⁶ In particular, the review team pointed out that:

Stakeholders including State regulators support the view that the legislated coverage of NOPSA should be extended to encompass the integrity of pipelines, subsea equipment and wells. These issues are currently covered under other arrangements such as Well Operations Management Plans (WOMPs) and Pipeline Management Plans, where regulatory responsibilities are shared by the DA's and NOPSA.

If the intent of the Safety Case is to include all risks impacting upon the integrity of the system, then inclusion of all hydrocarbons, carbon dioxide storage and other risks from the reservoir (well) through to the custody transfer point should be considered. In the example of WOMPs the interaction with operatorship of the drilling operations needs to be considered in parallel to ensure clarity.

The regulation of the safety aspects of carbon capture, transport and storage could feasibly fit into NOPSA's model and boundaries. There is however a concern that the additional workload/focus may detract from NOPSA's current responsibilities. Additionally, regulatory boundaries imposed by a system that may include onshore and offshore facilities may present regulatory coverage challenges.⁷

Productivity Commission Inquiry 2008–09

On 10 April 2008, the Assistant-Treasurer requested the Productivity Commission to undertake an inquiry of regulatory burdens on the upstream (oil and gas) sector, with 12 months in which to submit a report.⁸

In particular, the Productivity Commission was asked to:

- assess the impact of the existing regulatory framework on the international competitiveness and economic performance of Australia's petroleum sector
- report on regulatory impediments to improved performance, such as jurisdictional inconsistencies and duplication, as well as ways to address these impediments, and
- consider options for a national regulatory authority as a means of addressing issues of regulatory inconsistencies and duplication.⁹

6. Ibid., p. 21.

7. Ibid. 'DA' refers to 'Designated Authority': see *Offshore Petroleum and Greenhouse Gas Storage Act 2006* sections 7 and 70.

8. Productivity Commission, 'Review of regulatory burden on the upstream petroleum (oil and gas) sector', *Research report*, April 2009, Melbourne, p. 1, viewed 3 March 2010, <http://www.pc.gov.au/projects/study/upstreampetroleum/report>

9. Ibid., pp. 2–3.

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During the course of conducting its inquiry, the Productivity Commission consulted with stakeholders by holding informal discussions and roundtables; as well as inviting and considering submissions to an issues paper released in July 2008 and a draft report subsequently released.¹⁰

The Productivity Commission made several recommendations in its final report, including:

- a staged development of a national offshore petroleum regulator to undertake resource management, pipeline and environmental regulation in all Commonwealth, State and Territory waters:
 - initially—the regulator would only operate in Commonwealth waters
 - subsequently—the States and Territories would be given, on a bilateral basis, the option of conferring their petroleum regulatory obligations¹¹
- the national regulator would be self-funding through fees,¹² and
- NOPSA would remain a separate entity, with functions extending to offshore pipelines, subsea equipment and wells.¹³

Onshore petroleum safety regulation inquiry 2009

On 9 January 2009, Martin Ferguson (Commonwealth Minister for Resources and Energy) and Norman Moore (Western Australian Minister for Mines and Petroleum) requested an inquiry into the OHS and integrity regulation of upstream petroleum operations, with reference to the oil and gas explosion on 3 June 2008 at Apache Energy Ltd's facilities on Varanus Island.¹⁴

10. Copies of the submissions are available at: Productivity Commission, *Review of regulatory burden on the upstream petroleum (oil and gas) sector: submissions*, viewed 2 March 2010, <http://www.pc.gov.au/projects/study/upstreampetroleum/submissions>

11. See Productivity Commission, 'Review of regulatory burden on the upstream petroleum (oil and gas) sector', *op. cit.*, pp. xx, 248–250.

12. *Ibid.*, pp. 263–265.

13. *Ibid.*, pp. xx. For a discussion regarding OHS issues and NOPSA's role in the regulation of upstream petroleum sector, see *ibid.*, pp. 167–195.

14. For further information about this inquiry, see Department of Resources, Energy and Transport, *Offshore Petroleum Safety*, viewed 3 March 2010, http://www.ret.gov.au/resources/upstream_petroleum/offshore_petroleum_safety/Pages/OffshorePetroleumSafety.aspx

Note that the Terms of Reference of the inquiry had to be altered due to the Federal Court's findings in proceedings initiated by Apache Energy on 22 May 2009: see K Bills and D Agostini, *Offshore Petroleum Regulation: better practice and the effectiveness of the National Offshore Petroleum Safety Authority*, June 2009, pp. ix–x, viewed 3 March 2010,

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The report was released in July 2009.¹⁵

In summary, the panel conducting the inquiry found that NOPSA was ‘seriously under-resourced’ even to discharge its existing responsibilities.¹⁶ The panel also recommended that NOPSA be given powers to enable it to regulate the safety and integrity of all facilities and pipelines in the water and Western Australian islands which export gas by pipelines.¹⁷

Committee consideration

On 24 February 2010, the Bill was referred to the Legislation Committee of the Senate Standing Committee on Economics (the Economics Legislation Committee) for inquiry and report by 23 April 2010.¹⁸

In addition, the Bill has been examined by the Senate Standing Committee for the Scrutiny of Bills (the Scrutiny of Bills Committee), whose comments will be addressed, where relevant, in the Main Provisions section of this Digest.¹⁹

Position of significant interest groups

The views of stakeholders on the Bill itself are not yet available. It will be interesting to read the submissions to the Economics Legislation Committee’s inquiry on the Bill.

However, stakeholders’ comments regarding the establishment and funding of a national regulator, and the extension of NOPSA’s functions, have been included in submissions made to the various inquiries mentioned above.²⁰ Stakeholders’ comments will be addressed, where relevant, in the Main Provisions section of this Digest.

http://www.ret.gov.au/resources/Documents/Offshore%20Petroleum%20Safety/NOPSA%20Safety%20Authority_Web.pdf.

15. Department of Resources, Energy and Transport, *Offshore Petroleum Safety*, op. cit.
16. K Bills and D Agostini, op. cit., p. xi.
17. Ibid., p. 17.
18. Details of the inquiry are at Senate Standing Committee on Economics, ‘Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010: information about the inquiry’, viewed 2 March 2010, http://www.aph.gov.au/senate/committee/economics_ctte/petroleum_2010/info.htm
19. For a copy of the Scrutiny of Bills Committee’s comments, see Senate Standing Committee for the Scrutiny of Bills, *Alert Digest*, no. 2, 24 February 2010, pp. 55–60, viewed 2 March 2010, <http://www.aph.gov.au/senate/committee/scrutiny/alerts/2010/d02.pdf>
20. And in particular, submissions made to the Productivity Commission’s inquiry. Copies of those submissions are available at: Productivity Commission, *Review of regulatory burden*

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Financial implications

The Explanatory Memorandum states that:

The Bill includes minor policy and administrative changes which will have a slight financial impact on the Australian Government Budget. The retention of the registration fees is estimated to result in a decrease in expenses of \$15.3 million in 2010-11 and \$7.7 million in 2011-12.²¹

In addition, the Explanatory Memorandum states that the Bill does not impose any new regulatory burden on the petroleum industry.²²

Main provisions

Schedule 1 of the Bill contains provisions relating to several matters. Due to time restrictions, this Digest will only focus on the following:

- retention of registration fees, by the Commonwealth, to fund the establishment of the National Offshore Petroleum Regulator (NOPR)
- new functions for NOPSA relating to non-OHS structural integrity for facilities, wells and well-related equipment
- making certain existing offences under the Act strict liability offences, and
- restricting titleholders' OHS responsibilities to wells and not to facilities more generally.

Retention of registration fees to fund the establishment of NOPR

Part 1 sets out proposed amendments relating to the retention of registration fees by the Commonwealth.

Currently, all money raised by the Commonwealth under the Act, the *Offshore Petroleum and Greenhouse Gas Storage (Registration Fees) Act 2006* (Registration Fees Act), and the *Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Act 2006* (Annual Fees Act) is paid to the States and Northern Territory.²³

on the upstream petroleum (oil and gas) sector: submissions, viewed 2 March 2010,
<http://www.pc.gov.au/projects/study/upstreampetroleum/submissions>

21. Explanatory Memorandum, *Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010*, p. 4.
22. Ibid.
23. *Offshore Petroleum and Greenhouse Gas Storage Act 2006* section 76. See also Explanatory Memorandum, op. cit., p. 2.

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On 5 August 2009, Martin Ferguson, the Federal Minister for Resources and Energy, announced that NOPR would be established and commence operating on 1 January 2012.²⁴

Under **items 1–2** of the Bill, fees under the Registration Fees Act would be retained by the Commonwealth. In other words, only money obtained under the Act and the Annual Fees Act would be paid to the States and Northern Territory.

It is stated in the Explanatory Memorandum that the registration fees would be used to fund the proposed NOPR.²⁵

Comment

The proposal to fund the proposed NOPR is consistent with the Productivity Commission's recommendation, as mentioned above.

However, not only is the proposal to establish NOPR subject to debate (this will be subject to further consultation and is outside the scope of this particular Digest), but the proposal that NOPR be self-funding is also subject to disagreement. Some stakeholders, such as the Western Australian Government, simply do not support the idea of establishing a national regulator.²⁶ In addition, some stakeholders strongly disagree with the proposal that NOPR be funded by full cost recovery.²⁷

24. M Ferguson (Minister for Resources, Energy and Transport), 'Minister reaffirms government commitment to safety in the oil and gas industry', *Media release*, 5 August 2009, viewed 2 March 2010, <http://minister.ret.gov.au/TheHonMartinFergusonMP/Pages/MINISTERREAFFIRMSGOVERNMENTCOMMITMENTTOSAFETYINTHEOILANDGASINDUSTRY.aspx.html>

25. Explanatory Memorandum, op. cit., p. 2.

26. See, Department of Mines and Petroleum (WA), Submission to the Productivity Commission Draft Research Report: Review of regulatory burden on the upstream petroleum (oil and gas) sector, January 2009, p. 26, viewed 3 March 2010, http://www.pc.gov.au/data/assets/pdf_file/0006/85515/subdr022.pdf

27. See, for example, Australian Petroleum Production and Exploration Association Ltd. (APPEA), Submission to the Productivity Commission Draft Research Report: Review of regulatory burden on the upstream petroleum (oil and gas) sector, February 2009, pp. 18–19, viewed 2 March 2010, http://www.pc.gov.au/data/assets/pdf_file/0011/85952/subdr029.pdf

For a summary of submissions made to the Productivity Commission and the Commission's detailed views about funding arrangements in relation to the proposed NOPR, see Productivity Commission, 'Review of regulatory burden on the upstream petroleum (oil and gas) sector', op. cit., pp. 183–186; 262–267.

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NOPSA's new non-OHS functions

Part 2 sets out proposed amendments relating to NOPSA's new non-OHS functions.

NOPSA currently regulates OHS matters arising from petroleum and greenhouse gas operations in Commonwealth waters.²⁸ Its functions extend to structural integrity of facilities (including pipelines), and also to wells that are part of those facilities, to the extent to which the structural integrity affects the safety of the offshore workforce at the facilities.²⁹

Items 4–8 proposes to insert the following **new definitions into section 7** of the Act:

- ‘non-OHS structural integrity’
- ‘non-OHS structural integrity law’
- ‘structural integrity’
- ‘structural integrity law’, and
- ‘well-related equipment’.

In particular, it is noted that ‘non-OHS’ applies to the extent to which something ‘*does not relate to a matter or thing that affects, or is likely to affect, the occupational health and safety of persons*’ engaged in offshore petroleum and greenhouse gas storage operations (**items 4 and 5**).

Item 11 proposes to insert **new paragraphs 646(ga)–(gf)** into the Act, specifying what NOPSA's new non-OHS functions would be. These are:

- functions conferred onto NOPSA by or under the Act, or a State or the Northern Territory Petroleum (Submerged Lands) Act, in relation to the non-OHS structural integrity of:
 - facilities
 - wells, or
 - well-related equipment

28. For the meaning of ‘Commonwealth waters’, see *Offshore Petroleum and Greenhouse Gas Storage Act 2006* section 643. See also *ibid.*, section 8 (offshore areas of the States and Territories).

29. Explanatory Memorandum, *op. cit.*, p. 2. As to NOPSA's functions under the Act, see *Offshore Petroleum and Greenhouse Gas Storage Act 2006* section 646.

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located in Commonwealth waters or the designated coastal waters of the State or Northern Territory, as the case may be³⁰

- develop and implement effective monitoring and enforcement strategies to ensure compliance with obligations under non-OHS structural integrity laws
- investigate accidents, events and circumstances that involve, or may involve, deficiencies in the non-OHS structural integrity of:
 - facilities
 - wells, or
 - well-related equipment

located in Commonwealth waters

- report to the relevant Commonwealth, State and Territory Ministers on those investigations, and
- provide advice about matters relating to the non-OHS structural integrity of:
 - facilities
 - wells, or
 - well-related equipment

located in Commonwealth waters.

An example of how this would apply is as follows:

in accepting a safety case for a pipeline under the *Offshore Petroleum (Safety) Regulations 2009* NOPSA will consider the all aspects of the structural integrity of the pipeline. The pipeline will be on the seabed, and for much of its life people will not be in contact with it. Until now, NOPSA's functions in relation to the structural integrity of the pipeline have focused on the safety of the pipeline for persons who, from time to time, do maintenance or other work on the pipeline. The intent of the current amendments is that a probably meaningless distinction will be removed in relation to unmanned facilities, and NOPSA can focus on structural integrity of facilities as a whole. NOPSA will also acquire responsibility for the structural integrity of wells that are not part of a facility.³¹

The Explanatory Memorandum states that:

The proposed amendments to its functions and powers have the intent of strengthening the ability of NOPSA to carry out its existing regulatory responsibilities

30. As for the meaning of a 'State PSLA' and 'Territory PSLA', see *Offshore Petroleum and Greenhouse Gas Storage Act 2006* section 643.

31. Explanatory Memorandum, op. cit., p. 6.

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and augmenting its responsibilities by expressly including oversight of the whole of structural integrity of facilities (including pipelines), wells and well-related equipment. For achieving completeness of this oversight role, the amendments include non-OHS structural integrity aspects to ensure complete coverage of this particular function.³²

It is noted that the Government asserts that:

... regulations relating to structural integrity will provide a more detailed delineation of NOPSA's structural integrity functions between NOPSA and the Designated Authorities functions relating to resource security and resource management which may also have a structural integrity aspect.³³

Comment

This proposal is also subject to disagreement between stakeholders. For example, the Victorian Government does not support the extension of NOPSA's functions to well integrity, believing that to be an inefficient use of scarce resources.³⁴ Yet, other stakeholders support the proposed extension of NOPSA's functions.³⁵

It is noted that although the Productivity Commission, in its report, recommended that NOPSA's functions be extended to offshore pipelines, subsea equipment and wells, the Productivity Commission did point out that NOPSA would have to be adequately resourced in order to carry out its additional functions.³⁶

Strict liability offences

Part 4 sets out proposed amendments to various provisions in the Act, making particular offences in those provisions strict liability offences.

It is noted that the maximum penalty proposed in the Bill for such offences is 100 penalty units. Existing penalties less than 100 penalty units would be retained and, where relevant, existing penalties more than 100 penalty units would be reduced.

32. Ibid., pp. 2–3.

33. Ibid., p. 3.

34. P Batchelor, Minister for Energy and Resources (Vic), Submission to the Productivity Commission Draft Research Report: Review of regulatory burden on the upstream petroleum (oil and gas) sector, 30 January 2009, p. 2, viewed 3 March 2010, http://www.pc.gov.au/data/assets/pdf_file/0004/85783/subdr026.pdf

35. See, for example, Department of Mines and Petroleum (WA), op. cit., p. 17; APPEA, op. cit., p. 11. For the Productivity Commission's summary of the various views of stakeholders regarding extending NOPSA's functions, see ibid., pp. 173–175.

36. See Productivity Commission, 'Review of regulatory burden on the upstream petroleum (oil and gas) sector', op. cit., p. 167.

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In some provisions, penalties of five years imprisonment have been changed to 100 penalty units.³⁷ Examples of such provisions are:

- section 227 - failure to comply with directions to vary pipeline licence (**items 14 and 15**), and
- section 228 - ceasing to operate pipeline licence without consent (**items 16 and 17**).

Other offences under the Act that have been made strict liability offences include:

- subsections 280(3) and 460(3) – interference with other rights (**items 20, 21, 30 and 31**)
- subsections 249(2) and 420(2) – failure to comply with reporting obligations to titleholders (**items 18, 19, 24 and 25**)
- subsections 284(5), 451(8) and 452(5) – failure to notify of discovery of petroleum or of greenhouse gas storage formation in particular title areas (**items 22, 23, 26–29**)
- subsections 569(6) and 570(5) – failure to comply with work practice obligations (**items 36 and 37**)
- subsections 508(4) and 557(4) – failure to comply with request for particular information (**items 32 and 35**)
- subsections 586(5), 587(6), 592(5) and 595(6) – failure to comply with directions to undertake remedial action (**items 42–45; 47–48**)
- subsections 697(3) and 723(3) – failure to comply with record-keeping directions (**items 49 and 50**).

The Explanatory Memorandum states that:

Where offence provisions in the Act apply to titleholders and the offence itself consists of only a physical element (the doing of or failure to do an act), the amendments will have the effect that these offences will become offences of strict liability. The application of strict liability to an offence means that a fault element such as intention to do the act, or not do the act, is not required to be proved. This is to ensure that the legislation can be enforced more effectively, as without these changes applying strict liability the intention to do an act or not do an act needs to be proven. Given the remote and complex nature of offshore operations and the prevalence of multiple titleholder arrangements it is extremely difficult to prove intent. To date this has left these particular offence provisions largely unenforceable. The intention of the application of strict liability is to improve compliance in the regulatory regime. Due to the application of strict liability to this group of offences,

37. A penalty unit is currently \$110: *Crimes Act 1914* section 4AA. In certain circumstances, additional pecuniary penalties — up to five times the amount of maximum pecuniary penalty imposed on a natural person convicted of the same offence — may be imposed on corporations: see *ibid.*, subsection 4B(3).

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some existing penalties have been reduced from 5 years imprisonment to 100 penalty units. These changes are in line with Commonwealth strict liability guidelines.³⁸

Restricting titleholders' OHS responsibilities

Part 6 sets out proposed amendments to **Schedule 3** of the Act, which relates to restricting titleholders' OHS obligations to wells.

It is noted that, although in October 2009, the Act was amended to add a titleholder's duty of care in relation to facilities,³⁹ the Explanatory Memorandum states that:

The original intention of that amendment was to introduce titleholders' duties in relation to wells only.⁴⁰

However, the Act (as it is currently worded) may actually be interpreted as imposing a duty of care onto titleholders in relation to facilities generally. In particular, existing subclause 13A(1) of Schedule 3 provides that:

If a proposed facility is for use in connection with operations authorised by:

- (a) a petroleum exploration permit; or
- (b) a petroleum retention lease; or
- (c) a petroleum production licence; or
- (d) an infrastructure licence; or
- (e) a pipeline licence;

the permittee, lessee or licensee must take all reasonably practicable steps to ensure that the facility is so designed as to be, when properly used, safe and without risk to health.

Existing subclause 13A(2) provides similarly in relation to greenhouse gas titleholders.

Item 63 of the Bill proposes to substitute existing clause 13A of Schedule 3 in the Act with **new clauses 13A** and **13B**. These new clauses would restrict titleholders' duty of care to wells, while maintaining the penalty for breach of duty (200 penalty units). Generally, if:

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- 38. Explanatory Memorandum, op. cit., p. 3. For further explanation by the Government, see also *ibid.*, pp. 8–10.
 - 39. See Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment Act 2009 (Royal Assent given on 8 October 2009) **item 47**.
 - 40. Explanatory Memorandum, op. cit., p. 3.

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- a well has been or is being used; has been or is being prepared for use, in connection with operations authorised by a current title; or a well has been used in connection with operations authorised by a title from which the current title is *derived*, and the wellhead is located in the title area of the current title, and
- the well is not suspended, abandoned or closed off,

the registered current titleholder must ensure that the well is designed, constructed, commissioned, altered, equipped, maintained and operated so that risks to the OHS of persons at or near the facility are as low as practicable. Such risks include risks from the well; any unplanned escape of fluids from the well; anything in the well or in the geological formation to which the well is either connected or through which the well passes (**proposed subsection 13A(1) and 13B(1)**).⁴¹

A similar provision is proposed in relation to circumstances where the well has been, is being or will be suspended, abandoned or closed off (**proposed subsection 13A(2) and 13B(2)**).

The Explanatory Memorandum states that:

The ‘persons at or near a facility’ include the persons who are engaged in a well-related activity, such as drilling the well, as well as any other persons who are at or near a facility. The term ‘persons at or near a facility’ is also expressly extended to divers, who may be exposed to risk from a well while carrying out operations at a well that are not facility-related.⁴²

It is noted that absolute liability would apply to the element in **proposed paragraphs 13A(3)(a) and 13B(3)(a)**—in other words, to the existence of a duty of care itself.

The Explanatory Memorandum states that:

Clauses 13A and 13B establish occupational health and safety duties of care in respect of a hazardous aspect of the offshore petroleum industry -- ie the risk of blow-outs and other escape of fluids from wells. It is considered that the application of absolute liability to the element in paragraph (3)(a) in each case, ie the existence of the duty of care, is therefore appropriate. The titleholder is usually a consortium of companies. A requirement to prove a particular state of mind in relation to a non-conduct element of the offence will therefore make a breach of the duty of care difficult or impossible to

41. For the meaning of ‘derived’, see **item 58** in Part 6 of the Bill. See also **item 62 (proposed sections 8A and 8B)** of the Bill in relation to when petroleum and greenhouse gas titles are derived from earlier titles. For the Scrutiny of Bills Committee’s comments about its concerns of retrospective liability being imposed in relation to titleholders’ duty of care, see Senate Standing Committee for the Scrutiny of Bills, *op. cit.*, pp. 57–58.

42. Explanatory Memorandum, *op. cit.*, p. 13.

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prove. The application of absolute liability to this element is therefore essential to the integrity of the occupational health and safety regime.⁴³

Concluding comments

Some of the proposed amendments in the Bill are largely technical in nature, and in the main, uncontentious.

However, the proposed amendments in the Bill relating to retaining registration fees to fund the proposed establishment of NOPR and extending NOPSA's functions to the integrity of facilities, wells and well-related equipment, although generally consistent with recommendations made by the Productivity Commission, remain contentious.

In particular, there continues to be disagreement and uncertainty about the establishment of NOPR, including the details of how NOPR would be established (all of which is not the subject of the Bill). It is also noted that there will be further consultation about the details involved in establishing NOPR. Given the continuing debate and uncertainty about NOPR's establishment itself, the question is raised as to whether the proposed amendment in the Bill relating to the Commonwealth's retention of registration fees is somewhat premature at this point in time.

43. Ibid.

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