

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

Resources, Energy and Tourism Portfolio

Budget Senate Estimates

1 June 2010

**Question:** BR44  
**Topic:** Offshore petroleum regulatory environment  
**Proof Hansard Page:** Written

**Senator Eggleston asked:**

How does Australia's regulatory environment for offshore petroleum compare to the regulatory environment in other countries, particularly around deep-sea drilling in Louisiana?

**Answer:**

The United States (US) and the Australian offshore regimes are not directly comparable given the relative constitutional arrangements and the scale and level of activity of the offshore petroleum industry in each country.

***Australia***

Offshore petroleum operations beyond designated state and territory coastal waters are governed by the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the OPGGS Act) and related Acts and regulations.

Within this legal framework, the Australian Government together with the state and the Northern Territory governments jointly administer the regulatory regime and supervise industry activities through a Joint Authority/Designated Authority arrangement.

The offshore petroleum legislation, regulations and guidelines provide for the orderly exploration for and production of petroleum resources and the storage of greenhouse gas, and sets out a framework of rights, entitlements and responsibilities of governments and industry.

In order to undertake any activity offshore, operators must seek approvals in relation to environmental risk assessment and planning, oil spill contingency planning, well operations and drilling and occupational health and safety.

In assessing an application for offshore petroleum exploration and/or production activities consideration is given to:

- whether a proposed activity is consistent with the principles of ecologically sustainable development;
- whether the operations are carried out in accordance with good oilfield practices; and
- whether the exploration for and extraction of petroleum is carried out in a manner which reduces the risk to occupational health and safety as low as reasonably practicable.

In relation to occupational health and safety, regulation in Commonwealth waters and state/Northern Territory coastal and inland waters is the responsibility of the National Offshore Petroleum Safety Authority (NOPSA). NOPSA is an independent statutory agency introduced in 2005 and designated under the OPGGS Act, and is accountable to Australian, state and Northern Territory Ministers. NOPSA provides nationally consistent safety regulation across the offshore petroleum industry. NOPSA commenced operations on 1 January 2005.

The regime is a performance-based regime underpinned by duty of care requirements that are set out in Schedule 3 of the OPGGS Act. The central duty of care is a requirement imposed on operators to take all reasonably practicable steps to ensure that the facility and all associated work is safe and without risk to the health of any person at or near the facility.

The regulations under the OPGGS Act implement a safety case regime, under which an operator must have had a safety case accepted by NOPSA before an offshore facility may be constructed, installed or operated. The operator / titleholder is obligated under the regime to demonstrate in the safety case how they intend to acquit this duty of care.

## *US*

The US regime is regulated under the *Outer Continental Shelf Lands Act* (OCSLA) which defines the Outer Continental Shelf and establishes Federal responsibilities for managing the Outer Continental Shelf subject to environmental constraints and safety concerns. The US Secretary of the Interior, through the Minerals Management Service, manages the regulatory regime, including leasing, exploration, development and production of resources, as well as health and safety. Current regulations are a combination of prescriptive and performance based measures.

In light of the events in the Gulf of Mexico, the US is now considering implementing an independent health and safety regulator, similar to NOPSA.