

Chapter 1

Introduction

The referral

1.1 On 24 February 2010 the Senate referred the provisions of the Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010 to the Senate Economics Legislation Committee for inquiry and report by 23 April 2010.

1.2 In referring the bill for inquiry the Senate requested that the Committee consider its provisions as necessary, but that it particularly look at Schedule 1 of Part 1 of the bill.¹

Background

1.3 The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (and related Acts) established a system of offshore titles to authorise the transportation, injection and storage of greenhouse gas into deep geological formations under the seabed; it also established a management system for such storage.²

1.4 That Act (together with a number of related bills) was the subject of a Senate inquiry in September 2008 after the Senate requested that the Economics Legislation Committee investigate the aspects of the bill that sought to shift liability for the leakage of carbon dioxide stored in geological formations from large greenhouse gas emitters to the public.³

1.5 This bill will amend the existing legislation to:

- fund the establishment of a National Offshore Petroleum Regulator (NOPR);
- strengthen the functions of the National Offshore Petroleum Safety Authority (NOSPA);
- clarify the operation of the titleholder provisions in situations of multiple titleholders;
- increase the effectiveness of compliance through the application of strict liability to appropriate offences;

1 Selections of Bills Committee, *Report No. 2 of 2010*, 24 February 2010, Appendix 4.

2 Senate Economics Legislation Committee, *Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008 [Provisions]*, September 2008, p. 2.

3 Senate Economics Legislation Committee, *Offshore Petroleum Amendment (Greenhouse Gas Storage) Bill 2008 [Provisions]*, September 2008, p. 1.

- restore the original policy intent by clarifying that a titleholder's duty of care under the Occupational Health and Safety provisions relates only to wells; and
- make other minor technical amendments.⁴

1.6 The bill will not impose any new regulatory burdens on the petroleum industry.

1.7 As the national regulator of the offshore petroleum industry, NOPR will remove unnecessary regulatory duplication, increase efficiency in the industry and promote consistency across offshore areas. The Government has stated that NOPR will commence operation from 1 January 2012.⁵

1.8 The Government has stated that the legislation to establish the NOPR will not be introduced until 2011 after the 'exact arrangements' are determined through consultation with the Ministerial Council on Mineral and Petroleum Resources.⁶

Conduct of the inquiry

1.9 The Committee advertised the inquiry in the national press and invited written submissions by 19 March 2010. Details of the inquiry were placed on the committee's website and the committee also wrote to a number of organisations and stakeholder groups inviting submissions. The five submissions received by the committee are listed in Appendix 1.

1.10 A public hearing was held by the committee in Perth on 31 March 2010 where the committee heard from the Western Australian Department of Mines and Petroleum and the Australian Department of Resources, Energy and Tourism. The witnesses representing the departments are listed in Appendix 2.

1.11 The Committee thanks all those who participated in this inquiry.

Structure of the report

1.12 The most contentious aspect of the bill, Part 1 dealing with the use of registration fees to establish the NOPR, is discussed in Chapter 2. The remainder of the bill is discussed in Chapter 3. The Committee concludes that the Senate should pass the bill.

4 The Hon. Martin Ferguson AM MP, Minister for Resources and Energy, Second Reading Speech, *House of Representatives Hansard*, Wednesday 10 February 2010, p. 936.

5 Department of Resources, Energy and Tourism, *Submission 3*, March 2009, p. 3.

6 The Hon. Martin Ferguson AM MP, Minister for Resources and Energy, Second Reading Speech, *House of Representatives Hansard*, Wednesday 10 February 2010, p. 935.