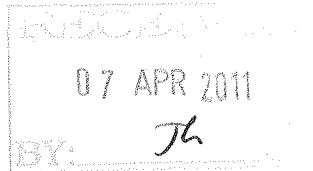


THE HON MARTIN FERGUSON AM MP
MINISTER FOR RESOURCES AND ENERGY
MINISTER FOR TOURISM



PO BOX 6022
PARLIAMENT HOUSE
CANBERRA ACT 2600

29 MAR 2011

C11/737

The Hon John Murphy MP
Member for Reid
PO Box 6022
Parliament House
CANBERRA ACT 2600

Dear Mr Murphy *John*

Thank you for your letter of 16 March 2011 regarding a petition asking the House of Representatives to 'rescind the granting of oil leases off Kangaroo Island, to prevent the risk of irreversible damage to our native and other vulnerable species of life.' I note the concerns raised in the petition and make the following comments.

The discovery of new petroleum reserves has the potential to reduce Australian energy import dependence and increase supply certainty for the domestic energy market. However, the Government recognises the importance of balancing economic development and preserving the offshore environment.

Prior to inclusion in the release, these two areas in the Duntroon and Ceduna sub-basins off South Australia was subject to a rigorous assessment process. This took into account the multi-use nature of the areas and the potential impact of exploration on the marine environment. This included consultation with state and Australian government agencies whose stakeholders may have an interest, including the Australian Government Department of Sustainability, Environment, Water, Population, and Communities.

Concerns raised during the consultation process were taken into account by the Government in finalising areas for inclusion in the release. Details on issues specific to areas, such as marine animal migratory routes, that potential explorers need to take into account when assessing and determining how to explore an area, have been included in the release's information package.

Further, additional conditions to protect the environment may be placed on a petroleum exploration title at the time it is granted where this process identifies relevant issues of environmental significance. This is in addition to the stringent environmental standards and reporting requirements set out in the legislation and associated regulations to which all petroleum exploration and development activities in Australian are subject.

I note that if an exploration company places a winning bid on these areas, the exploration permit will grant an explorer an exclusive right to apply for further approvals to undertake exploration operations, such as seismic surveys and drilling.

No petroleum activity can occur in Commonwealth waters unless the activity complies with all relevant Government legislation and regulations. The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGSA) provides the Regulator with the necessary powers to undertake inspections and audits of all operations to ensure and enforce compliance with good industry practice, approval conditions and other requirements.

The *Environment Protection and Biodiversity Act 1999* (EPBC Act) regulates the assessment and approval of proposed actions that are likely to have a significant impact on a matter of National Environmental Significance and requires approval by the Minister for the Environment.

The OPGGSA's Environment Regulations and the EPBC Act are very clear that a comprehensive assessment of all significant impacts on the environment must be completed before any exploration well is drilled or before any seismic line is run.

To date these systems have proven very effective, with the offshore petroleum industry operating safely and successfully in some of Western Australia's most precious marine and coastal environments, including Barrow Island and areas adjacent to Ningaloo Reef.

That said, in light of recent events, there have been several reviews of Australia's offshore petroleum regulatory regime aimed at ensuring that our systems are world leading and that we have competent and professional industry operators in Australian waters. These reviews have concluded that Australia's objective-based regulatory framework is robust and sufficiently balances economic and environmental imperatives. The reviews have, however, identified some deficiencies in the administration of this regime and I am taking steps, through the establishment of a single national petroleum regulator to address this.

If thought appropriate I can arrange for my Department to brief the Committee on the processes involved in acreage release and in approving subsequent exploration activities.

Thank you for bringing the concerns raised in the Petition to my attention. I trust this information has been of assistance to you.

Yours sincerely

Martin Ferguson