

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Industry Portfolio
Supplementary Budget Estimates 2013-14
21 November 2013

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY

TOPIC: Montara Oil Spill

REFERENCE: Written Question – Senator Siewart

QUESTION No.: SI-25

1. What Investigation is being undertaken within Indonesian waters to investigate where the oil subsequently flowed, and any subsequent damage caused?
2. What investigation is being undertaken within Indonesian waters to remediate the area affected?
3. Initially, media reported that NOPSEMA was ‘considering options for appeal against the level of the fines.’ However, it appears that NOPSEMA has not pursued these options. Why did NOPSEMA decide not to pursue these options?
4. To date, no independent investigation has been funded to assess any reported damage in Indonesian waters. In light of this, how can NOPSEMA be satisfied as to whether the company responsible has met its culpability head on?

ANSWER

1. In October 2009, the Australian Government reached agreement with PTTEP Australasia for the company to fund a long-term environmental monitoring program to determine any impacts from the Montara oil spill incident in the Timor Sea.

The environmental monitoring program commenced in November 2009 and included five operational monitoring studies and seven longer term scientific monitoring studies. The program has been overseen by the Department of the Environment, and conducted by independent scientific organisations, including Queensland, Curtin, Monash and Charles Darwin universities, CSIRO, the Australian Institute of Marine Science and Asia Pacific ASA.

All the studies have been completed with the exception of one relating to seabirds and shorebirds which will be completed in late 2014.

The reports resulting from the completed studies are available on the Department of Environment website: www.environment.gov.au.

2. PTTEP Australasia stated publicly in August 2012 that it had seen no verifiable scientific data of any damage in Indonesia. To date, all scientific data indicates that no oil reached the Indonesian coastline, and that there are no long-term impacts on any species or habitat.
3. The prosecution achieved a very good result in a matter of considerable importance. The fine of \$510,000 constitutes the highest fine imposed in Australia on a company for an occupational health and safety prosecution. The company pleaded guilty to three charges concerning the breach of general occupational health and safety duties, and one charge for

failing to carry out petroleum explorations in a proper and workman like manner and in accordance with good oilfield practice.

NOPSEMA considered appealing the charges against PTTEP AA, however did not proceed as the Commonwealth Prosecuting Counsel advised the prospects of success in having the sentence increased was poor, given the fine imposed was not viewed to have constituted a miscarriage of the sentencing discretion.

4. Following the Montara incident, PTTEP Australasia paid for all response and clean-up costs associated with the spill. PTTEP also funds a long-term environmental monitoring program under a separate agreement with the Australian Government overseen by the Department of the Environment.

The Australian Government is aware that the Indonesian Government has presented a compensation claim to PTTEP Australasia as the operator of the Montara Wellhead Platform. This is a commercial matter to be resolved by the company.