

23 March 2006

The Secretary
Senate Environment, Communications Information Technology and the
Arts References Committee
Parliament House
CANBERRA ACT 2600

**Inquiry into Australia's National Parks, Conservation Reserves and
Marine Protected Areas**

Dear Secretary,

The Australian Petroleum Production & Exploration Association (APPEA) is the peak industry association representing oil and gas explorers and producers in Australia. APPEA welcomes the opportunity to submit its views to the Senate Inquiry on issues relating to conservation management through national parks, conservation reserves and marine protected areas.

APPEA recognises and supports the Australian Government's obligations under the United Nations Convention on Biological Diversity and the use of conservation management reserves as an important tool to manage and minimise human effects on biodiversity. APPEA recognises that the maintenance of conservation values is a critical element of sustainable development principles.

Australia's petroleum industry supports the use of conservation reserve systems, both on land and in our oceans, that clearly define the significant conservation values of a particular ecosystem or biological community. Australia's oil and gas industry strives to ensure that conservation is not unduly threatened by our activities through the commitment to mitigation strategies that minimise our ecological footprint, avoid wherever possible sensitive and high value habitats and which take particular care to protect threatened and endangered species and their critical habitats.

The industry recognises that there may be instances where an activity can not occur within a conservation reserve without compromising these defined conservation values. However the industry believes that with its long track record of environmental management in sensitive environments, it should be given the opportunity to make a case on a project-by-project basis to continue to access sensitive environments, including protected areas. Companies are continuing to adopt new environmental management practices, to continually improve them, and refine them to ensure conservation values are not compromised.

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A Long History of Environmental Commitment

The oil and gas industry has been operating internationally in some of the world's most sensitive environments for over a century, ranging from deserts, coral reefs, tropical rainforests and urban environments. Within Australia, the industry has been active since the 1950s, with no significant environmental impacts because there has been an effective (but arms length) working relationship between regulators, the community and the industry. Since that time the Australian industry has sought to continually improve its performance to further minimise potential impacts to the range of sensitive environments in which it is capable of operating.

The industry's commitment to responsible environmental management is laid out in APPEA's Code of Environmental Practice, which provides a set of recommended minimum standards for industry activities. Member companies must determine the specific needs of their own operations, including relevant regulatory requirements, and develop suitable environmental management systems and practices necessary to prevent and control the potential for environmental impacts. This self-determination allows for rapid adoption of new technologies and continuous improvement in management practices.

Taking the Important Steps to Safeguard the Environment

The most substantial independent research ever undertaken into the environmental effects of Australia's offshore oil and gas development - *Environmental Implications of Offshore Oil and Gas Development in Australia* found that the offshore exploration and production industry in Australia not only met statutory requirements, but had "set an excellent example in taking all possible steps to safeguard the marine environment".

The key findings of the review were:

- There is minimal oil spill threat caused by Australian explorers and producers;
- There is no evidence of significant impacts on marine ecosystems by seismic activity;
- Australian oil producers are world leaders in water treatment standards and technology;
- Coastal facilities associated with offshore activities cause minimal marine impacts;
- Offshore drilling has little toxic effect on the marine environment; and
- Overall, the industry has had no significant impact on the marine environment in its years of operation.

Our environmental performance has been recognised consistently throughout our time operating in Australia with APPEA's Environmental Award winners being recently recognised as a finalist for the Prime Minister's Environment Award and the Western Australian Government's Golden Gecko awards.

Significant Regulatory Controls on the Activities of the Petroleum Industry

There are significant government regulatory controls that require the petroleum industry to conduct their activities in a manner that meets a high standard of environmental protection. In the majority of jurisdictions, petroleum activities are required to have environmental management plans approved by a government regulator, to ensure that the environmental impacts of the operation are reduced to as low as reasonably practicable. These plans allow companies the flexibility to determine how best to meet environmental protection requirements and conservation objectives in each specific situation.

In addition, petroleum activities with the potential to have a significant impact on the environment are subject to environmental impact assessment involving formal public approval processes. Such processes incorporate broad and open community consultation before being considered by regulators. Company commitments and Ministerial conditions arising from the assessment processes become legally binding conditions on the activity. Community involvement in significant projects is welcomed by industry as an opportunity to share ideas and ensure that developments benefit the broad community without compromising conservation values.

Establishing Reserves with Defined Conservation Objectives

As stated earlier in this submission, APPEA supports the use of conservation management tools where the significance of a particular ecosystem or biological community or species (such as seagrass, wetland, or forests) is assessed in respect of potential impacts of activities (such as bushwalking, trawling, open cut forestry, seismic exploration, or drilling and production). Where activity is proposed within an area where a significant environmental value could be affected, the industry operator has the responsibility to institute management controls to protect conservation values.

The review and approval of such an approach should be conducted on the basis of the available evidence and in a scientific manner, free of preconceived notions as to the impacts and outcomes. Such an approach allows industry the capacity and flexibility to adopt innovative concepts or new technology to explore and develop potential resources without presenting a threat to conservation objectives. It permits industry the opportunity to assess whether it wishes to meet the environmental costs of gaining access to areas where significant conservation values demand appropriate technical or management measures.

APPEA recognises that there may be instances where, with the current levels of technology and costs of mitigating measures, an activity could not be undertaken without compromising the conservation values of an area.

However, APPEA strongly believes that blanket bans and prohibitions are inappropriate and simplistic management mechanisms that fail to recognise the ability for the Australian oil and gas industry, nor for that matter a wide range of other activities to operate with little or no impact in a wide range of sensitive environments. Blanket bans and prohibitions arbitrarily throw out robust scientific assessment of industry impacts and risks in favour of pursuing a course of environmental and resource management with a preconceived notion of conservation. Blanket bans focus on the exclusion of industries rather than on defining the important conservation values and considering the ability of an activity to occur without threatening these values.

Blanket bans also fail to recognise the technological advances regularly made by the industry that will only improve its ability to operate in these sensitive environments.

Well Placed Industry to Contribute to Australia's Sustainable Development

Australia's oil and gas industry is well placed to make a significant contribution to the sustainable development of Australia. The industry has sought to further reduce impacts and incidents that affect our workforce and environments and to respond to continuously changing community expectations and technical knowledge. The industry is helping to produce more affordable, accessible and increasingly cleaner energy than ever before in ways that are responsible and ethical and within acceptable limits of environmental impact.

As a significant contributor to the Australian economy financially and socially, Australia's oil and gas industry has an important long term role in meeting the needs of the Australian community. In 2005, Australia's upstream petroleum industry generated gross annual production valued in excess of \$24 billion and is estimated to have contributed an estimated \$7.6 billion in government payments. The Australian upstream petroleum industry directly employs at least 15,000 people and represents 2.1 percent of Australia's gross domestic product. It also makes an enormous contribution to state and regional economies and underpins much of Australia's economic activity.

The industry is also dedicated to using, wherever possible, Australian suppliers and manufacturers in the development of significant projects, further maximising the economic benefits of the industry to local communities.

APPEA recognises that in meeting the needs of the Australian community, the industry must also operate safely and responsibly to protect and maintain the natural environment. Australia's oil and gas exploration and production industry, with its small environmental footprints and significant social and economic benefits, has one of the greatest capacities to contribute to the sustainable development of Australia.

Australia's oil and gas exploration and production companies are committed to protecting the environment and maintaining public health and safety during all phases of operation. They do so on behalf of their shareholders and employees, and on behalf of present and future generations of Australians. APPEA recognises the importance of biological diversity and the appropriate use of reserve management systems, be they National Parks, Commonwealth Reserves, or Marine Protected Areas.

We recognise that there will be instances when an activity can not occur without compromising a conservation value, but APPEA strongly believes that industry should be given an opportunity to make its case to undertake its activities without compromising conservation values. By arbitrarily excluding activities through blanket bans, such a decision not only does nothing further to enhance the protection of conservation values well recognised by our industry, but will influence perceptions affecting future investment decisions required to meet Australia's growing energy needs.

I hope that this submission proves useful to the deliberations of the Senate Committee and if you would like any further information on the views of APPEA, please do not hesitate in contacting Mr Mark McCallum, Director of Industry Operations in our Office on (02) 62670905.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Belinda Robinson', written in a cursive style.

BELINDA ROBINSON
CHIEF EXECUTIVE