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Pre-Budget Submission

Australian Marine Oil Spill Centre

Submission to the Australian Government

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Submission

Environmental Context & Stewardship

The Australian Government plans to reach Net Zero by 2050, with legislated plans to achieve emission levels of 43% below 2005 levels by 2030 [1].

Australia's Net Zero plan seeks to maximise the benefits of the global transition while providing certainty through long-term sustainable policy that drives investment in lowering emissions.

While the 2030 and Net Zero 2050 targets are ambitious, Australia's long term emissions reduction plan[2] is supported by additional Australian Government strategies[3] developed to reduce emissions and sustain economic growth and resilience.

With Australia's long-term plan to reduce emissions, liquid hydrocarbon production and the number of liquid hydrocarbon handling facilities will likely decline over the coming decades. Domestic policy settings have swung behind the rapid development of low-carbon/zero-carbon fuel and energy sources. This extends across the industrial and energy landscape.

Australia's energy sector is vibrant, worth several billion dollars, with ongoing investment especially in LNG operations. LNG export and domestic facilities are planned to operate for many decades to come.

Australia has a history of leading efforts in the maritime sector to improve global shipping, principally via efforts at the International Maritime Organisation (IMO). The introduction of the International Convention on Oil Pollution Preparedness, Response and Co-operation 1990 (OPRC 90) in November 1990, the International Ship and Port Facility Security Code (ISPS) in 2002 and recent introduction of very-low sulphur heavy fuel oil can be attributed to countries working together for global reform.

Global shipping fleets are substituting liquid hydrocarbons with other fuel stocks/power sources such as batteries, LNG, hydrogen and ammonia. This in itself creates new response risks, with considerable technical and jurisdictional challenges associated with emergency responses to 'new fuels'.

As the world transitions, the environmental, economic and societal impacts of a liquid hydrocarbon spill will continue to require specialist emergency response expertise, equipment, technical skills and management. It has been estimated that there will be an approximate 20 – 70 year crossover as liquid hydrocarbon use is displaced in the energy and transport sectors with alternatives.

A liquid hydrocarbon spill strategy embedded in government's investment toward net zero carbon emissions will mitigate the environmental and reputational risk of potential liquid hydrocarbon spill during the global transition to low-carbon/zero-carbon fuels/power.

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[1] https://www.dcceew.gov.au/climate-change/emissions-reduction/net-zero
[2] https://www.dcceew.gov.au/sites/default/files/documents/australias-long-term-emissions-reduction-plan-modelling.pdf
[3] https://www.dcceew.gov.au/sites/default/files/documents/australias-long-term-emissions-reduction-plan-modelling.pdf

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Key points:

- Global liquid hydrocarbon use will likely diminish over the coming decades.
- Low-carbon/zero-carbon fuels/power sources are being introduced to replace those traditionally used in the global shipping fleet.
- Although reduced, hydrocarbon-based fuel will continue to be used [with appropriate offsets or carbon removal technologies] into the future during the cross over time.
- The need to manage the consequences of a liquid hydrocarbon pollution event in the maritime domain will remain during this time.

Australia's world class marine environment

Australia's pristine beaches, shorelines, coral reefs and offshore marine environment support diverse and valuable marine flora and fauna and are sought-after holiday destinations. Australia's Great Barrier Reef is the world's largest coral reef, and on the west coast the remote Ningaloo Reef makes up 50% of all living coral in the Indian Ocean. Both reefs are brimming with diverse marine life. The Great Australian Bight is a great ocean wilderness stretching along the coastline of South and Western Australia.

Australia has embedded a national identity focused on maritime, coastal and beach activities. More than 85 per cent of Australians live within 50 kilometres of the coast, making it an integral part of Australia's laid-back lifestyle. Tidal waters and broader seas are important to the livelihoods of Aboriginal people living in coastal communities, and Australia's territorial waters have significant cultural importance to First Nations' peoples of Australia.

Australia's marine industries encompass a range of activities that add significant economic value and employ many Australians across several sectors. The Australian Government must continue to safeguard the Australian coast and marine environment for the health of the community, economy and for future generations.

Contamination of coastal areas caused by a liquid hydrocarbon spill can have significant consequences to marine life, individuals, local communities, and across many sectors. The most acute economic and societal impacts of pollution events affect tourism and fisheries[4].

The Australian fishing industry contributed 7.84 billion AUD in Gross-Value-Product (GVP) to the economy as of December 2022, up from 7.36 billion in 2021. [5]

Furthermore, in 2022-23 Australia's tourism sector delivered $63 billion Gross Domestic Product (GDP), 4.4% higher than 2018-19 (pre-pandemic) and a $27.3 billion increase from 2021-22. [6]

4 https://www.itopf.org/fileadmin/uploads/itopf/data/Documents/TIPS_TAPS_new/TIP_12_Effects_of_Oil_Pollution_on_Social_and_Economic_Activities.pdf
5 Australian National Accounts: National Income, Expenditure and Product March 2023
6 https://www.tra.gov.au/en/economic-analysis/tourism-satellite-accounts/national-tourism-satellite-account#:~:text=GDP%20from%20tourism%20was%20%2463,1.4%25%20in%202020%2D21.

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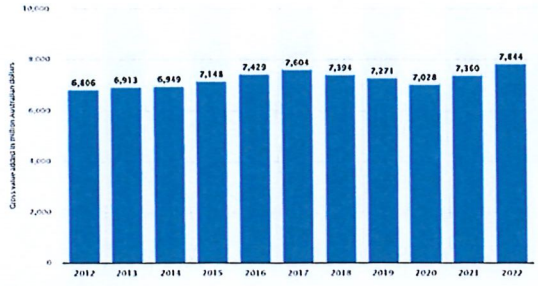
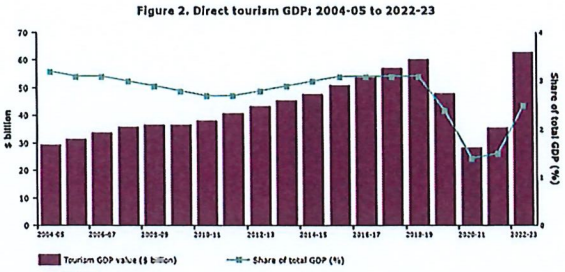


Fisheries GVP [6]



Tourism GDP [7]

Due to the nature of a spill incident, impacts can persist for a significant duration of time. Negative publicity and public perceptions can have lasting destructive effects. Fortunately, early interventions can protect marine environments and will accelerate recovery.

Customised contingency plans which are developed based on local sensitivities, executed by competent professionals, and resourced appropriately are effective at minimising the effects of liquid hydrocarbon marine pollution.[7]

Key points:

- Australians consider the marine environment 'beach culture' a key part of the national identity.
- First Nations' peoples of Australia hold long standing connections to the sea dating back many millennia.
- Community expectations around stewardship of the marine environment are acute with low tolerance for incidents or poorly managed pollution incident response.
- Australia's maritime environments are ecologically unique, providing significant societal and economic value to the community.
- Investment in preparation can materially reduce the impacts of liquid hydrocarbon pollution.

Sources of risk and Australia's Marine Pollution Response System

Sources of marine pollution due to human activity can be from maritime (ships spills of bunker fuels or liquid hydrocarbon cargoes) or energy industry (offshore energy exploration, production or transportation activities) activities.

Figures 1 & 2 below show the geographic concentration of these industries, 1/ the location of offshore petroleum titles, grouped around Australia's production basins and 2/ a heat map of Australia's main shipping routes, showing traffic is greatest to our capital city ports, and gateway ports that export Australia's natural resources.

7 https://www.itopf.org/knowledge-resources/documents-guides/economic-effects/#:~:text=Oil%20spills%20can%20lead%20to,individuals%20dependent%20on%20coastal%20resources.

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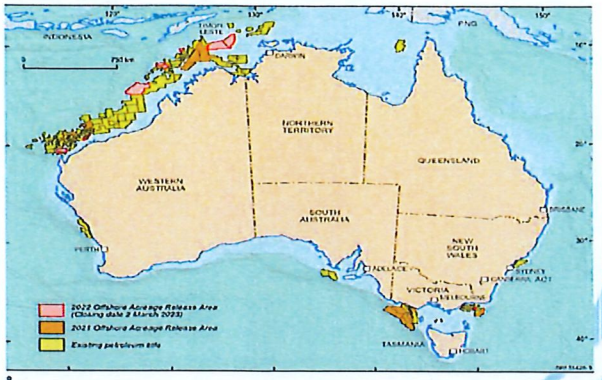

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Fig. 1 Offshore (petroleum) Titles

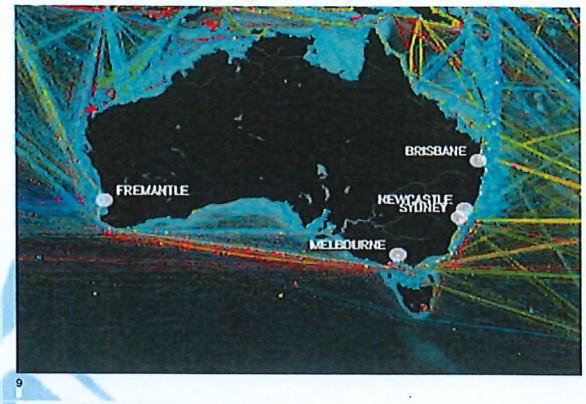

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Fig. 2 Shipping Routes

The risk of pollution is a factor of likelihood and consequences. Shipping industry risks are inextricably linked to areas of high traffic volume, the condition of and conditions onboard a vessel, navigation controls and the proximity of ships to areas of enhanced value, e.g., Great Barrier Reef. Energy industry risks are grouped around fixed and known areas of operations, the interplay with vessels that service energy industry infrastructure, the condition of and conditions aboard offshore facilities, and the movement of production fluids to end users.

Irrespective of source, impacts and disruption can be mitigated through timely and proportionate response. Accurate and shared risk assessments; robust contingency planning; specialised management and operational practitioners skilled in niche emergency response expertise and techniques; the specialised equipment and response platforms – these are all needed to swiftly execute marine pollution response.

Australia's National Plan for Maritime Environmental Emergencies (NatPlan) is a framework that sets out national arrangements, policies and principles for response to maritime emergencies[10]. The NatPlan falls under the Australian Government Crisis Management Framework (AGCMF) and is managed by the Australian Maritime Safety Authority (AMSA).

The NatPlan helps to ensure Australia meets its international obligations to prepare for, respond to, and recover from maritime environmental emergencies, consistent with the requirements under the OPRC 90.[11] Historically, the NatPlan focusses on resolving incidents arising from ships. It is a cooperative arrangement between the Australian, States, and Northern Territory governments, and the maritime and energy industries.

The NatPlan arrangements rely upon risk-based life cycle planning at the national, state/territory, and local (port) level. Expectations are that risk mitigations meet the need as identified at the risk creation 'level'. Due to the cooperative administrative nature of the NatPlan, many obligations are not enforceable onto parties. This poses risks with regards to uneven response capability and resourcing

8 https://www.ga.gov.au/
9 https://www.operations.amsa.gov.au/Spatial/DataServices/MapProduct
10 https://www.amsa.gov.au/marine-environment/national-plan-maritime-environmental-emergencies
11 https://www.imo.org/en/About/Conventions/Pages/International-Convention-on-Oil-Pollution-Preparedness,-Response-and-Co-operation-(OPRC).aspx

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capacity between jurisdictions, and interjurisdictional cooperation when standing up a cooperative IMT during a liquid hydrocarbon emergency in Australian waters.

For incidents from ships, intervention and response control are the domain and responsibility of Commonwealth (AMSA) or State/Northern Territory Government response agencies. Specialised commercial parties may be used for particular purposes (e.g., salvage or spill response).

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is Australia's independent regulator for health and safety, structural (well) integrity and environmental management for offshore petroleum and greenhouse gas storage activities of the petroleum industry in Commonwealth waters.[12] NOPSEMA requires upstream Titleholders (TH) (i.e., energy companies) to provide assurance they have the means necessary to respond to all levels of potential incidents, be they minor or major.

Should an incident occur, the industry portfolio (Department of Industry Science & Resources [DISR]) will stand up and lead the Offshore Petroleum Incident Coordination Framework within the AGCMF. These arrangements are exclusive to the offshore energy industry.

For incidents from petroleum activities undertaken by the TH, intervention and response control are the domain and responsibility of the TH within a regulatory framework administered by the Commonwealth. The TH stands up emergency/incident management teams, aided by specialised local and global industry entities that provide specialized capability and capacity. The role of NOPSEMA is to ensure, via regulatory action, that the implementation and outcome of a TH's arrangement is consistent with their NOSPEMA accepted environmental plans.

States and Territories have their own response arrangements, which are more consistent with the shipping mode of operation, e.g., government command and control of incident response – rather than the regulatory mode adopted by DISR/NOPSEMA.

Response Arrangement Reviews

The NatPlan is now 50 years old and currently undergoing a root and branch review. There have been major shifts in established maritime industries and new industries emerging such as offshore windfarms and aquaculture. Efforts to de-carbonise the shipping industry is driving new fuel adoption presenting new and unknown challenges. A response capability gap is already emerging.

Concurrent to the NatPlan review, NOPSEMA and DISR are undertaking a review of the spill preparedness and response arrangement for THs within their regulatory domain.

Each review is identifying similar challenges and awareness of the continued need for contingency and response of a liquid hydrocarbon spill.

12 https://www.nopsema.gov.au/

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Key points:

- While both shipping and energy industries are undergoing change, pollution risks remain extent.
- These industries are regulated in quite different ways, to achieve strong environmental outcomes, consistent with Australia's international obligations.
- Australian Government policy reviews have commenced for shipping and industry regulatory and response frameworks.
- Australia's arrangements for marine pollution response are complex, involving interactions between the risk creators, Commonwealth, State and Northern Territory governments and industry.

Recommendations

Against this context, and particularly the concurrent review of the National Plan and Oil Spill Preparedness and Response Framework Review, AMOSC encourages consideration by the Australia Government to pursue policy change and regulatory reform that optimises response efforts via adjustment of the current settings and arrangements.

Key amongst these are efforts that will reduce duplication, with a focus on stronger shared resources able to be deployed agnostic to the source of pollution.

Policy and programmes recommendations include:

1. In partnership **with the energy industry via AMOSC, establish the Australian Oil Spill Response Organisation (AOSRO)** with responsibility for tactical pollution clean-up (all sources) in Commonwealth waters, and a mandate to work collaboratively with jurisdictions and ports as a 'support' agency.

   An AOSRO with focus on tactical execution, serving both the energy industry, and delivering pollution response services on behalf of the Australian government for maritime incidents would enhance and strengthen the current arrangements. AMOSC is ideally positioned to expand its remit and by taking on this task as part of a public/private partnership with the Australian Government. The AOSRO should be a common contract holder for all shared services/technical services required for pollution response.

2. Through the AOSRO, **establish a shared pool of subject matter expert management and operational responders**, for both energy industry and maritime industry pollution incidents. Importantly this pool of human resources is cross trained in the same response doctrine, incident management system, and has expertise in marine pollution response.

   Bringing together resources that are currently replicated across both sectors into a centralised organisation would enhance capability and increase capacity, reduce duplication and provide greater certainty to the public and government that pollution responses are fit for purpose.

3. With AMSA and NOPSEMA, via the AOSRO, develop a **common understanding of Australia's pollution risks, and then declare the capacity and capability requirement for Australia's worse case credible scenarios.** This capacity is to be held directly by the AOSRO, and/or combined via mapping with the AOSRO, jurisdictions and industry sources. Global response logistics support from international providers should also be factored in to meet the identified worse credible scenario.

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Currently, maritime and industry agencies have good situational awareness of their own domain, including individualised assessments of risk. However, the interfaces and cross over between risk creators has not been declared, and there is an opaque understanding of total capacity requirements in Australia. This information is spread over a number of organisations.

4. Normalising agency efforts at a Commonwealth level to take **a consistent regulatory approach to risk creation/pollution clean-up, consistent with contemporary practice on industry regulation.**

   The current approach to pollution response being delivered through different arrangements has produced a system with the features referenced in this submission.

5. **Improve regulator performance, capability and culture through regulatory stewardship** that is proactive, collaborative, and sustainable that can **anticipate, and respond to, change** over time while boosting productivity through **reducing unnecessary or duplicative regulatory costs and burdens**.

AMOSC encourages the Australian Government to explore the NatPlan review and NOPEMA's Oil Spill Preparedness and Response Framework review as an opportunity to streamline governance arrangements, improve the quality of regulation, and maintain expertise and capability in marine liquid hydrocarbon pollution response. The continued protection of the marine environment from liquid hydrocarbons, and therefore the protection of the community and economy will strengthen community trust as government legislates towards Net Zero 2050.

~ END ~

AMOSC welcomes the opportunity to discuss this submission and government investment with you and/or your department as Australia takes advantage of future opportunities.

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