

# Oil and gas project red tape 'costing billions'

Nicola Berkovic | *December 05, 2008*

**THE nation is throwing away billions of dollars a year in oil and gas projects because of unnecessary red tape that is causing long delays in approvals.**

Expediting the average approval process by one year could increase the net value of projects by 10 to 20 per cent, the Productivity Commission has found. The sector at present contributes 2 per cent of GDP.

But it is weighed down by about 175 separate laws governing petroleum activities, including pipeline laws, environmental regulations, occupational health and safety and native title.

More than 50 agencies regulate the sector.

In a draft report released yesterday, commissioner Philip Weickhardt said regulatory delays imposed the greatest cost on the sector.

He said delays impeded the financing of projects, deferred revenues and reduced flexibility to respond to market conditions.

"With individual projects often requiring investments of more than \$10 billion, reducing such burdens could provide gains to Australian residents amounting to billions of dollars each year," he said.

For projects that stretched across jurisdictional boundaries, the burden imposed by unnecessary red tape was magnified, the commission said.

These include Japanese company Inpex's Browse Basin gas development, which crosses commonwealth, West Australian and Northern Territory waters. And Woodside's Sunrise LNG development will extend into yet another jurisdiction -- the Joint Petroleum Development Area managed by Australia and East Timor.

The commission called for major reform of the sector, including harmonisation of legislation across jurisdictions, to improve Australia's international competitiveness.

The draft report recommended the imposition of statutory timelines for decision-making, and for agencies to measure and report their performance against those timelines.

The commission also called for the appointment of a national offshore petroleum regulator with responsibility for pipeline and environmental regulation as well as resource management.

State and territory governments could opt to hand over their responsibility for petroleum regulation in their coastal waters to the new regulator.

It also recommended simplifying overly complex and overlapping laws, which imposed "significant unnecessary burdens". The commission will submit its final report to federal, state and territory governments in April next year.