

4 Appointments

Not Relevant

5 Other Matters

Not Relevant

6 Cabinet Notes

Not Relevant

606 PETROLEUM (COOPER BASIN - MINISTERIAL DIRECTION) AMENDMENT BILL
2004 - NOTED

Not Relevant

606

CABINET NOTE

TO: PREMIER FOR CABINET TO NOTE

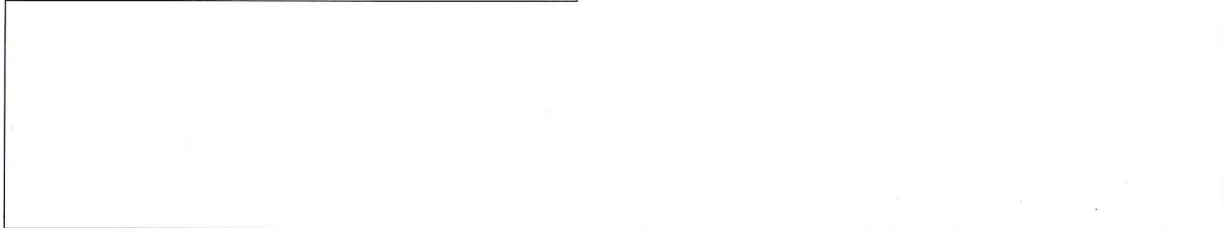
**RE: PETROLUEM (COOPER BASIN – MINISTERIAL DIRECTION)
AMENDMENT BILL 2004**

For Cabinet to note that the Petroleum (Cooper Basin – Ministerial Direction) Amendment Bill 2004 will not be further progressed at this time.

In July 2004 Santos proposed to recommission its liquids recovery plant (LRP) B train notwithstanding the effect that would have on its natural gas production capability and the heavy demand for natural gas at that time. On 20 July 2004 Cabinet approved the introduction without notice of a Bill to amend the *Petroleum Act 2000*.

The purpose of that Bill, the Petroleum (Cooper Basin - Ministerial Direction) Amendment Bill 2004, was to ensure that the Minister had clear power to give directions to Santos to require it to postpone the recommissioning of its LRP B train.

Clause 10(1) Legal Professional Privilege



The urgency of proceeding with the amendment was reduced when Santos agreed to take appropriate action to ensure security of natural gas supplies. As a result, it was considered appropriate that full consultation with all stakeholders occur on the Bill, before it was tabled.

Based on the lack of urgency, the demonstrated ability of government to influence industry actions (to ensure security of natural gas supplies) without amendments to the *Petroleum Act 2000* and industry's essentially unanimous opposition to the proposed amendments, it has been agreed to defer steps to amend the Act while being prepared to do so in future.

Consultation with stakeholders occurred via letters to licensees under the *Petroleum Act 2000* (petroleum explorers, producers and owners of transmission pipelines), gas traders/marketers, the Australian Mineral and Petroleum Law Association and major gas customers. These stakeholders expressed their concerns both by written response and attendance at a forum facilitated by the Department of Primary Industries and Resources (PIRSA) on 13 August 2004.

The Crown Solicitor has considered positions put through this consultation process and has provided additional advice, dated 24 November 2004, which is attached.

Clause 10(1) Legal Professional Privilege

Santos has gained insights into Government's views as to the legal interaction of the Cooper Basin (Ratification) Act and Indenture and the powers of the Minister under the Petroleum Act to issue directions to the Cooper Basin Producers that are represented by Santos.

The Minerva and Casino gas fields (offshore Victoria) will soon be supplying natural gas via the SEAGas pipeline. This will considerably reduce the risk that an interruption to supply from Moomba will cause "significant social disruption". Consequently, the likelihood of circumstances arising in the future that could justify Ministerial directions to Santos under the Petroleum Act is also much reduced.

Although the legal deficiency identified in July 2004 remains, given both the views expressed in the consultation process and the fact that the risk of disruption to natural gas supplies is now much reduced, on balance, it is considered that the Bill is not required at this time.

Clause 10(1) Legal Professional Privilege

Clause 10(1) Legal Professional Privilege

Clause 10(1) Legal Professional Privilege

All stakeholders will be notified that the Bill has been withdrawn, and will not be progressed further at this time.




Paul Holloway
Leader of the Government in the Legislative Council
Minister for Industry and Trade
Minister for Mineral Resources Development

In Cabinet

10 JAN 2005

Date: 22/12/04

NOTED

PREMIER

Crown Solicitor's Advice

5 pages removed

Exempt clause 10(1) – legal professional privilege