



4 February 2009

Upstream Petroleum Regulation Study
Productivity Commission
Locked Bag 2
Collins Street East
Melbourne, Victoria 8003

Attn: Roula Yerondais

By email: upstreampetroleum@pc.gov.au

Dear Madam

**Re: Productivity Commission's Draft Research Report : Review of
Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector**

Thank you for the opportunity to comment on the Draft Research Report "Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector". Origin Energy Limited (Origin) has extensive oil and gas exploration and production interests in most States, notably Queensland, Victoria, South Australia and Western Australia, and in Commonwealth waters in Tasmania, Victoria and Northern Territory. These cover conventional oil and gas and coal seam gas assets. These activities are part of its integrated energy business which also includes generation and retailing. Origin is the largest integrated energy company in Australia. As such, Origin is well qualified to comment on the report.

We commend the Commission on the approach it has taken in extensively consulting with the oil and gas industry, governments and other stakeholders in arriving at a set of recommendations which it believes, if implemented, will deliver the improvements in productivity in the upstream sector of our industry as contemplated by the Minister when commissioning this report. We believe the responses from all the stakeholders already indicate a degree of ownership on their part in ensuring that improvements are realised. We hope this indication of co-operation can be sustained as the difficult part of the implementation process progresses.

Origin believes that the Commission has produced a comprehensive report which outlines the problems facing the industry in respect of duplication of effort, time delays and costs to the industry. It has further proposed appropriate remedies to each of the problems and has encapsulated these into a set of recommendations which if implemented can be expected to significantly reduce the regulatory burden.

With few exceptions, Origin endorses the proposals of the Commission. APPEA on behalf of the oil and gas industry has submitted its comments on the recommendations of the Commission, agreeing with Recommendations 5.1 through 10.5, albeit with qualification in some cases. Origin agrees with APPEA in respect of the comments made by APPEA on those recommendations.

In respect of Recommendations 10.6 and 10.7, Origin believes the establishment of a national regulator is an important initiative and supports the Commission's recommendations in this regard. It would be hoped that a national regulator, which with co-opted powers granted to the Commonwealth by the States and Territories, could have jurisdiction over the Commonwealth waters and the coastal waters. With such a national regulator in place, the States and Territories may see wisdom in granting further powers to this body. We believe agreement between the Commonwealth and the States and Territories on a national regulator would be a positive step and would enhance the possibility of co-operation in respect of many of the reforms contemplated in the other recommendations of the Commission.

Origin's support for the concept of a national regulator is however dependent upon extensive ongoing consultation with the oil and gas industry on the form of regulator and its powers.

Finally, Origin supports APPEA's position opposing the Commission's Recommendation 10.9.

We look forward to finalisation of the Commission's report and the progress Australian governments may make in working together in improving the petroleum regulatory framework within which our industry operates.

Yours faithfully

A handwritten signature in black ink, appearing to read 'IM', with a large, sweeping flourish extending to the right.

Ian Mortimore
Joint Venture Manager
Exploration and Production
Origin Energy Limited