PIPELINE AUTHORITY AMENDMENT BILL 1979

Date Introduced: 3 May 1979
House: House of Representatives

Short Digest of Bill

Purpose

To modify and limit the powers and functions of the Pipeline Authority.

Background

The Pipeline Authority Act 1973 resulted from a concept for the eventual construction of a national "Pipeline Grid". The concept envisaged the controlled development of natural gas resources including the possibility of a transcontinental pipeline from the North West gas fields. The Act gave wide powers and functions to the Authority. The First Report of the Authority (1974) describes them in these terms:

"In addition to its basic responsibility for the establishment of a national integrated pipeline system for the transmission of petroleum, natural gas and other hydrocarbons, to ensure continuity of supplies and, as far as practicable, a uniform basis of pricing, the Authority has trading rights to buy and sell hydrocarbons and is empowered and obliged to secure, control and retain reserves of hydrocarbons adequate to meet the long-term national needs of the Australian people."

The Authority recognised that a complete national grid would take many years to complete and that new discoveries of energy resources could easily change priorities of proposed pipeline routes. The initial project was the Moomba-Sydney pipeline some 1300 kilometres long; this was completed in late 1976 and commissioned on 18 March 1977. Since then the Authority has been concerned primarily with the operation of that pipeline.

The underlying policy leading to the changes to be brought about by the Bill were expressed by the Honourable J.D. Anthony at the commissioning ceremony:
"An expansion of the construction of pipelines throughout Australia by private enterprise and public authorities can be expected during this decade as the demand increases for natural gas. It must be the Federal Government's role by encouragement, co-operation and assistance to aim at the necessary co-ordinated national planning."

The 1978 Annual Report of the Department of National Development indicates further the shift of emphasis towards encouraging private enterprise in the development of natural gas resources. The Report indicates that, following a number of assurances and incentives, the companies concerned with North West Shelf gas are carrying out a feasibility, planning and definition study. This embraces reserves, offshore and onshore facilities, marketing, shipping, financing and project economics.

The Bill in effect leaves the Authority with a strong coordinating role in national pipeline planning and design, and as a construction agency for pipeline projects approved by the Parliament. The Authority will also continue to operate pipelines, buy and sell petroleum, and provide advice about pipelines.

Main Provisions

Clauses 4-9 make a number of amendments to Part II of the Act concerning the membership of the Authority.

Clause 4 provides for the appointment of a Deputy Chairman. The Secretary Department of National Development is no longer to be an ex officio member. A retiring age of 65 is specified for all members.

Other amendments to Part II cover matters which include:

- Appointment of all members by the Governor-General.
- Determination of salaries of members by the Remuneration Tribunal.
- Appointment of acting members by the Minister.

Clause 10 amends section 13 so as to modify the functions of the Authority. Section 13, as it stands, gives the Authority wide powers over petroleum distribution, supply, pricing, refining and the establishment of reserves. The section, as amended, provides for the following basic functions:
Construct maintain and operate pipelines for a national integrated system.

Convey petroleum through pipelines operated by the Authority.

Buy and sell petroleum in connexion with its operations.

Provide advice about the conveyance and distribution of petroleum by pipelines to the Minister and other approved persons or bodies.

Clause 11 amends section 15 so that the Authority cannot construct a pipeline unless the project is authorized by an Act of Parliament.

Clause 13 amends section 18 by limiting the Authority's powers in relation to the construction of pipelines over land not owned by it, or in which it has no vested right. The amendment now requires the prior permission of land owners.

Clause 14 amends section 19, requiring the approval of the Public Service Board in the determination of terms and conditions of employment by the Authority.

Clause 18-20 amend Part V - Finance. The amended provisions accord with those applying to other statutory authorities in matters such as borrowing and the application of moneys. Section 28 is repealed and new Section 28 requires the Authority to carry out its activities in accordance with sound commercial principles. New section 28A requires the submission of estimates to the Minister.

Clause 22 amends Section 43, increasing penalties for offences against the Act.

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Defence, Science & Technology Group

LEGISLATIVE RESEARCH SERVICE