



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**MINISTERIAL STATEMENTS**

**Offshore Oil and Gas Resources  
Sector Security Inquiry Report**

**SPEECH**

**Monday, 25 June 2012**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

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**Speaker** Truss, Warren, MP

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**Mr TRUSS** (Wide Bay—Leader of The Nationals) (13:03): Protecting Australia's \$28-billion-a-year oil and gas industry is vital for Australia's future energy security. As the minister notes, the industry employs some 10,000 Australians across the country and accounts for 2.5 per cent of Australia's GDP. Offshore oil and gas production provides a major input into our economy and its infrastructure is of critical national importance. There are around 170 oil and gas production platforms in operation around the Australian coast from the Timor Sea, the North West Shelf to the Bass Strait.

Australia's gas production for domestic and export markets continues to increase every year. However, petroleum liquids production is still falling. In 2000-01 Australia produced 272.4 million barrels of petroleum liquids. By 2009-10, this had fallen to 186.9 million barrels. There is further scope for exploration and appraisal drilling to address the growing demand for petroleum liquids. While Australia accounts for approximately 0.6 per cent of world oil supply and 1.5 per cent of worldwide demand, oil and natural gas accounts for nearly 56 per cent of primary energy consumed in Australia. In fact, Australia is the ninth largest energy producer in the world.

With the rise in international piracy and the threat of terrorism, it is certainly timely to revisit the security requirements in place to protect our offshore oil and gas assets. I note from the minister's summary of the report being tabled today that he said we can be confident that our security measures are international best practice. However, I am alarmed to read in the report:

... it is understood no on-site offshore facility security assessments have been conducted since 2007.

That is indeed an alarming gap. It suggests the gaping security assessment gap is indeed real. Indeed, the report highlights and recommends:

In the opinion of the Inquiry, the current Australian situation is unsatisfactory and arrangements should be implemented which provide the capacity for an effective offshore security audit program to be introduced and maintained.

What in fact is happening—to use the minister's words—is best practice in the world is indeed at risk. That is hardly world's best practice. If asylum seeker boats can turn up every day, often unobserved, it is clear that our security is as open as a sieve.

In recent years, pirates have been involved in unsuccessful attempts to attack and take over an oil rig off the coast of Nigeria with a firefight erupting between the Nigerian Navy and the pirates. As the minister has noted before, while there is no suggestion of a particular threat against any specific oil and gas platform, vigilance is essential.

It is clear that any potential security threat would be extremely damaging to our national economy and affect our energy security. I refer the minister to today's report finding:

While within Victoria and Western Australia relevant state police engage on a regular basis in joint exercises with industry on near-shore offshore facilities, it is understood that no Commonwealth agency has participated in such exercises since about 2004.

There are other unsatisfactory findings. The report stipulates:

Industry has emphasised the constructive relationship it generally enjoys with government agencies. There is, however, common agreement that increased engagement between industry and government security agencies, aimed at enhancing mutual levels of understanding—industries' knowledge of the intelligence gathering, analysis and dissemination processes of government and government's knowledge and expertise of industry—in the security space, is necessary.

Moreover:

While this initiative will make a positive contribution to the improvement of the nature and quality of intelligence sharing and the interaction between government and industry, the broader current levels of engagement and communication would benefit from further and ongoing improvement ...

The Australian Security Intelligence Organisation (ASIO), which were already playing a constructive role in government and industry relationships through the publications of the Business Liaison Unit (BLU), have been quick to recognise and react to these industry concerns and an industry roundtable was convened by them in Canberra during March 2012 to specifically address the primary matters of concern.

In terms of security shortfalls relating to recruitment, the report finds:

The vetting of Australian employees as part of the application process for a MSIC generally comprises a criminal-record check, as well as internal company checks deemed appropriate. Industry sees the MSIC process as providing an additional layer of security vetting above the level they can provide themselves.

However, although the MISC vetting process provides a security assessment and a photographic record of an individual employee, the process is limited. Currently, the requirement for a MSIC does not apply to foreign nationals or to Australian and other workers engaged on non-regulated vessels operating under subcontract arrangements.

Clearly, as the report finds, much more needs to be done.

The coalition will always support sensible moves to enhance our maritime security regime. The coalition has a history of proposing and supporting sensible measures to enhance our maritime security regime and, in this case, the security of our offshore oil and gas assets. For example, in 2005 it was a coalition amendment to the Maritime Transport Security Act 2003 that required operators to write and follow security plans, including security risk assessments and preventative strategies to manage risk.

The coalition notes the report and is extremely concerned about the gaping holes in Australia's offshore oil and gas resources security. The coalition has a record of securing Australia's borders and strengthening security requirements across the maritime industry including our offshore oil and gas assets. There appears, from this report, to have been serious lapses since 2007. It is not satisfactory at all—let alone, the world's best practice.

Finally, like the minister, I would like to pay tribute to the outgoing Inspector of Transport Security, Mr Michael Palmer as he completed his term on 7 June this year. He has served with distinction not only in his most recent role but in an outstanding, career of service and dedication. He served in his current position as Inspector of Transport Security during the whole time I was transport minister, and I admired his dedication and commitment.

As the minister noted, Mr Palmer is a decorated policeman of 35 years service, winning the Australian Police Medal in 1988. He started out with the Northern Territory police in 1963 where he served for 16 years. Then, after a stint as barrister-at-law in Queensland, he went back to the Territory in 1983, this time as a commissioned officer. He was duly promoted to the rank of Commissioner of the Northern Territory Police, Fire and Emergency Services in 1988. He became the Member for Asia, as the minister said, in the Interpol Executive Committee in 1997.

It was during this time that Mr Palmer was one of the architects of the Australian Federal Police's anti-corruption provisions. This earned him an Officer of the Order of Australia award in 1998. I could go on, but let me thank him for his exemplary service and, in particular, the last seven in his role as Inspector of Transport Security. He leaves with the best wishes and respect of all who have served and worked with him, and the coalition wishes him well for the future. His extensive career background gave great authority to his reports.

Finally, I also take the opportunity to welcome Mr Andy Hughes, who took up the post of Inspector of Transport Security from 8 June. Mr Hughes is also an experienced police officer. He has served in the AFP, including in the senior executive service, and was the Chief Police Officer for the ACT, as well as being in charge of national operations and international operations for the AFP. He was the commissioner of the Fiji Police Force and spent two years with the United Nations as the police adviser on peacekeeping internationally. As Mr Palmer has observed, Mr Hughes comes ideally equipped for the position, and I wish him well in the new role.