



**Offshore
Infrastructure
Regulator**

Consultation and financial security requirements

Owen Wilson, Executive Director

25 March 2025

oir.gov.au

Offshore Infrastructure Regulator



Acknowledgement of Country

I respectfully acknowledge the Traditional Custodians of the land on which we meet today, the Wurundjeri and Bunurong people and pay my respect to Elders past and present.



Agenda

Requirement to consult

Who is to be consulted

Manner of consultation

Reporting

Stakeholder engagement strategy

Q&A

Morning break

Financial security requirements

Calculation methods

Verification

Return of financial security

Q&A



Consultation



Effective consultation and engagement

- Consultation should be a genuine and meaningful two-way dialogue.
- Right information, in the right format, at the right time.
- If you can't answer all the questions, then be open about why.
- Genuinely listen to what stakeholders and communities' value.
- Be cautious in setting expectations.
- Collaboration can be key to reducing consultation fatigue.
- Take into account stakeholders' published expectations for consultation where relevant.



Regulatory requirements for consultation and engagement



Licence holders must undertake **consultation** before making an initial plan approval application to ensure persons, organisations, communities and groups are identified and consulted in relation to proposed licence activities.



Licence holders must prepare and implement a **stakeholder engagement strategy** to provide for ongoing engagement with stakeholders.



Understanding your obligations



- Consultation required under Subdivision D of Division 3, of the OEI Regulations
- Consultation required by licence conditions
- Consultation required to comply with EPBC Act obligations
- Consultation required by the applied work health and safety provisions (clause 15A and 15B)
- Obligations may be relevant for both initial and revised management plans.



Scope of activities subject to consultation

- Regulation 63 clarifies the requirements of Subdivision D of Division 3 of Part 3 only apply to those licence activities specifically to be authorised by the management plan.
- A management plan may provide contextual information about the broader project including future activities under a commercial licence.
- Mention of such activities within a plan does not extend the consultation requirements to those other activities.



Identification of consultees

- Regulation 81(2)(a) requires a management plan to describe the **process used to identify** those who must be consulted.
- Licence holders should establish a structured and documented process that functions to identify:
 - consultees specified by the Minister, the Regulator, licence conditions or other obligations provisions
 - consultees within the categories set out in regulation 64.
- Consider proximity of consultees to the licence activities through use of qualifications such as **adjacent to the licence area** and **in or near the licence area**.
- Some regulations require consideration of the potential for the consultee to be **directly affected** by, or to directly interact with, the licence activities.



Who is to be consulted?



Commonwealth and State government agencies



First Nations organisations or groups



OEI licence holders



Other commercial activities



Communities



Recreational fishers



Commonwealth and State government agencies – reg 64(1)(a)

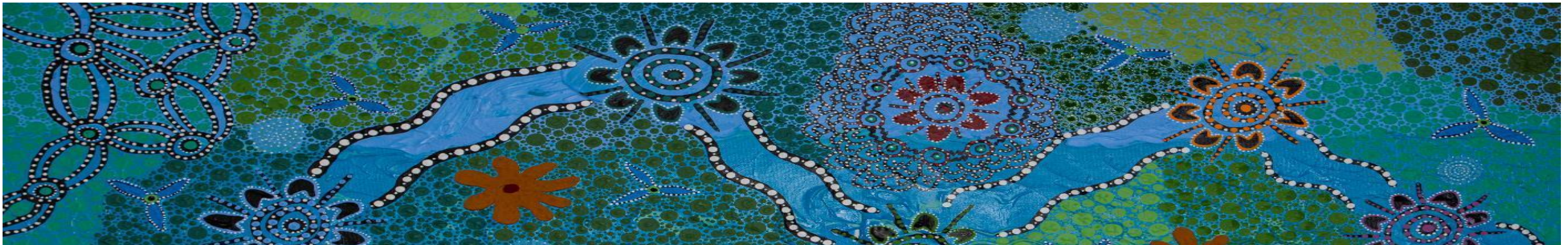
Licence holders must make reasonable efforts to identify and consult government entities, including those Commonwealth, State or Territory departments, agencies or authorities that:

- may be conducting activities that may interact with the licence activities
- have regulatory functions that relate to the licence activity or associated activities
- may have a role in responding to emergencies arising from the licence activities.



First Nations people or groups - reg 64(1)(b)

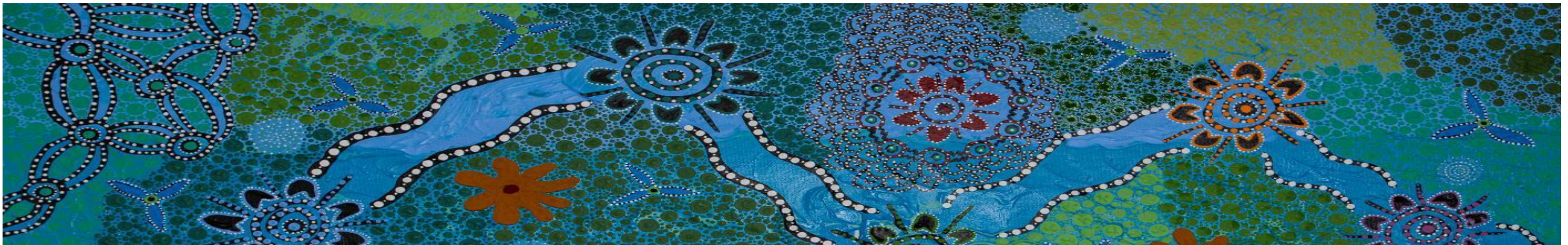
- Regulation 64(1)(b) requires that where a licence holder reasonably considers First Nations persons or groups may have native title rights and interests (under the *Native Title Act 1993*), in relation to the licence area, or areas of land or water adjacent to the licence area, those persons or groups are to be consulted about the licence activities to be undertaken.
- The *Native Title Act 1993* provides for recognition and protection of the rights and interests First Nations people and groups have over certain areas of land and water.



First Nations organisations or groups – reg 64(1)(c)

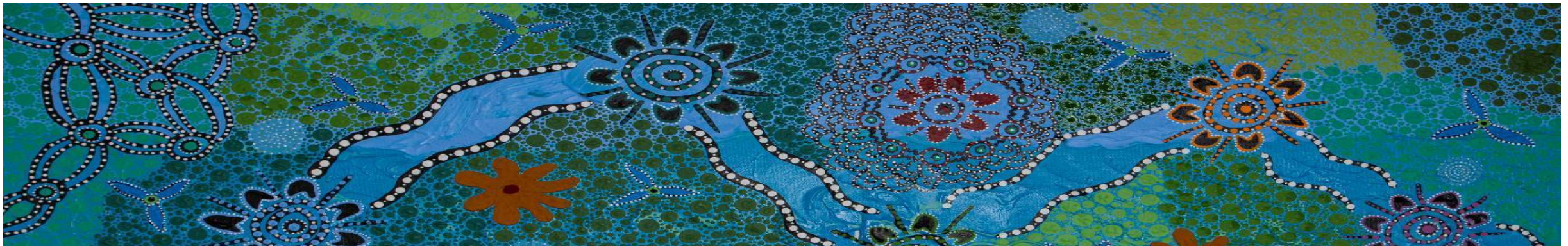
First Nations organisations established under law to manage lands and waters:

- Separate to any native title rights or interests, First Nations organisations may also be established under other Commonwealth or State or Territory laws.
- These organisations include, for example, land councils established under Commonwealth and State laws.
- Where the licence holder reasonably considers that such organisations have functions related to managing for the benefit of First Nations people land or water in, or adjacent to, the licence area, the licence holder must make reasonable efforts to identify and consult those organisations.



First Nations organisations or groups – reg 64(1)(d)

- Licence holders must make reasonable efforts to identify and consult First Nations organisations or groups that the licence holder reasonably considers have entered into an agreement related to land or water rights under the *Native Title Act 1993*, or any other law of a State or Territory, where those land or water rights relate to land or water in, or adjacent to, the licence area.
- An example of the type of agreement that may be relevant is an Indigenous Land Use Agreement (ILUA) made for the use and management of land and water which is in the licence area, or adjacent to it.
- The ILUA must be established under the *Native Title Act 1993* or a State or Territory law.



OEI licence holders – reg 64(1)(e)

- Licence holders must make reasonable efforts to identify and consult any other holder of an OEI licence that overlaps any part of the licence area.
- If there is infrastructure already installed in or near the licence, the licence holder must make reasonable efforts to consult with those other licence holders.
- The consultation should ensure that information is shared about any effects that the licence activities may have on the existing infrastructure and other licence holder activities.



Other commercial activities – reg 64(1)(f)

- Licence holders must make reasonable efforts to identify and consult with people or organisations conducting commercial, licenced or permitted activities which may directly interact with the licence activities.
- Commercial businesses may have rights for concurrent access to the marine area within or adjacent to the OEI licence and must be consulted.
- Includes, but is not limited to, commercial fishers, tourism operators, petroleum or greenhouse gas licence holders and shipping.
- Operational coordination may be necessary to minimise on-water interaction between lawful activities occurring in the same space.



Communities – reg 64(1)(g)



- The licence holder must make reasonable efforts to consult with communities.
- If a licence holder identifies that communities adjacent to the licence area may be directly affected by the licence activities, the licence holder should identify and consult with an appropriate person or entity who represents the interests of that community in accordance with regulation 64(3).
- If a State law has established a local government to represent the interests of a community it may be reasonable for the licence holder to regard the local government body as representative of the community for the purposes of consultation.

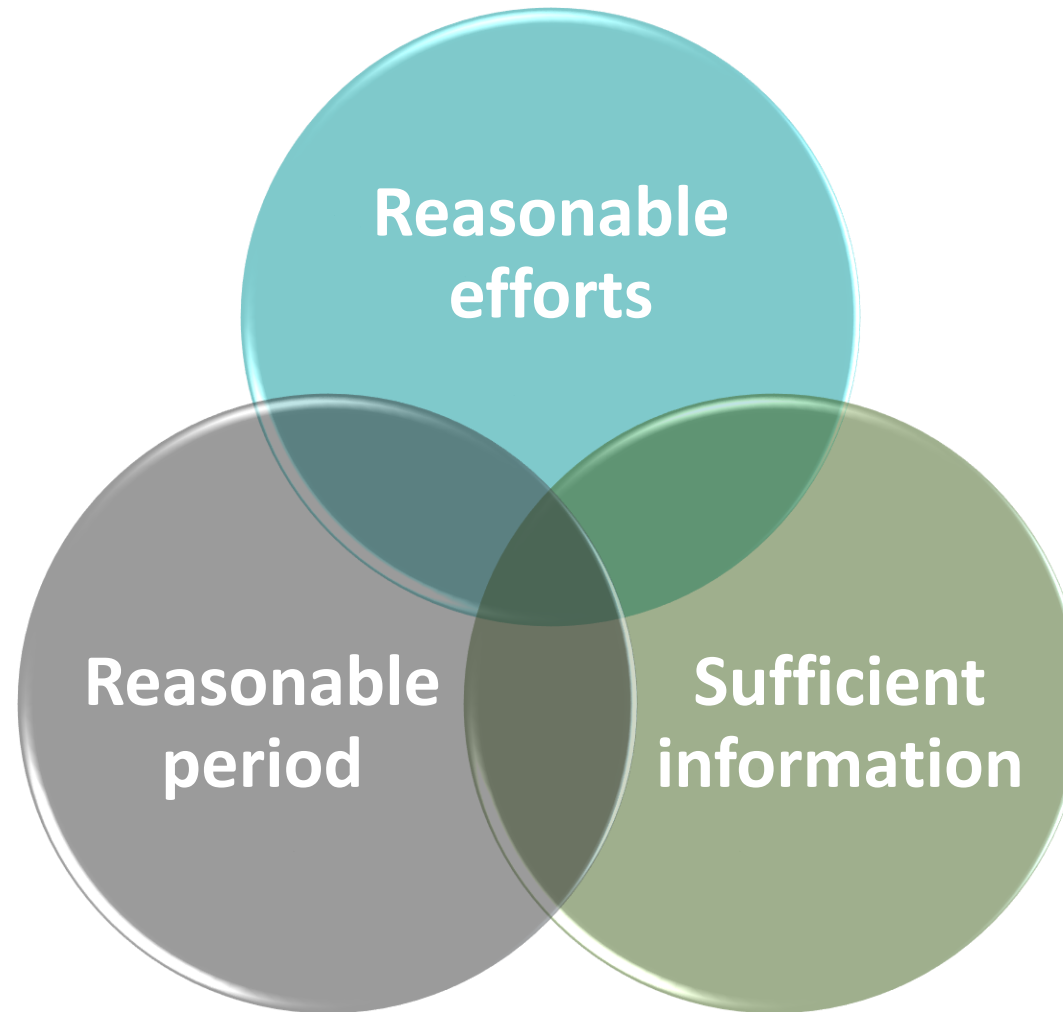


Recreational fishers – reg 64(1)(h)





- If the licence activities may directly affect recreational fishing activities, the licence holder must make reasonable efforts to identify and consult with any organisation that represents those directly affected recreational fishers.
- The regulations do not require individual recreational fishers be consulted, only the representative organisation in accordance with regulation 64(3).
- Licence holders should identify the peak body or association that is recognised as representing the interests of recreational fishers where there is potential for a direct effect on them from the licence activities.



Manner of consultation - reg 65



Addressing consultation in a management plan

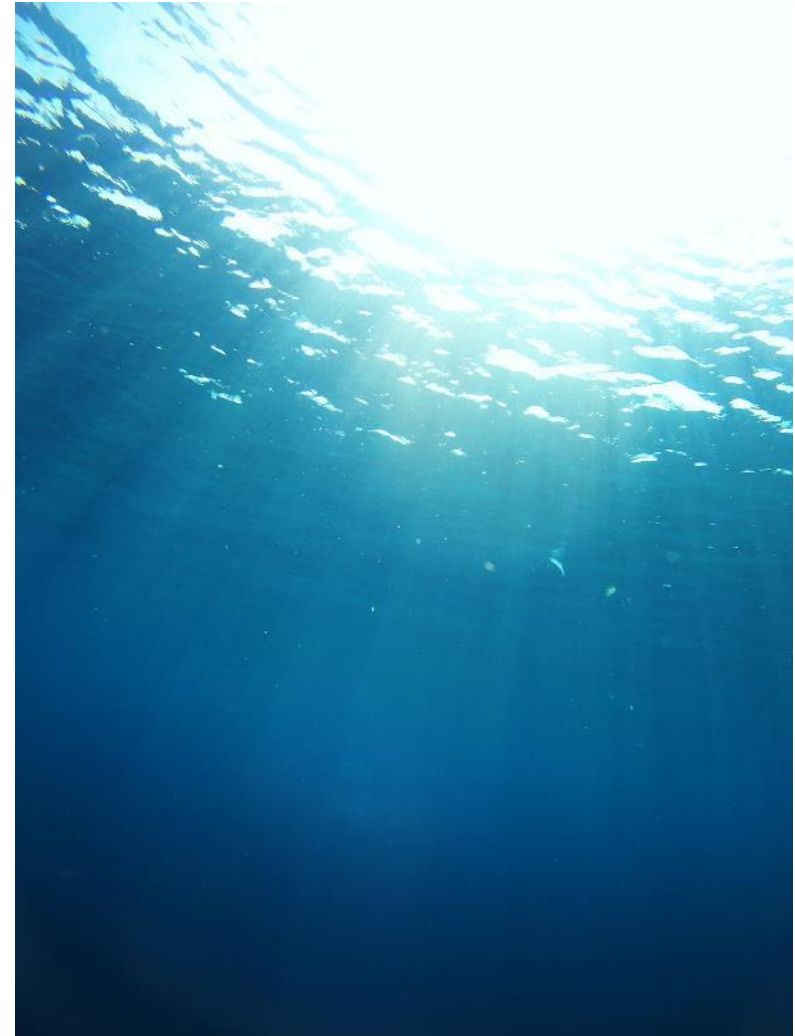
	
Management plan content	GUIDELINE
Document No: N-04403-GL2084 A1153587	Document No: N-04403-GL2084 A1153587
Date: 11/12/2024	Date: 20 March 2025
Contents	Contents
1. Background.....	1. Background.....2
2. Purpose.....	2. Purpose.....2
3. Scope.....	3. Scope.....2
4. Disclaimer.....	4. Disclaimer.....2
5. Relevant legislation.....	5. Relevant legislation.....2
6. Management plans under the OEI framework.....	6. Management plans under the OEI framework.....2
7. Establishing the context and scope of a management plan.....	7. Establishing the context and scope of a management plan.....2
7.1. Defining the licence activities.....	7.1. Defining the licence activities.....2
7.2. Considerations for vessel-based activities.....	7.2. Considerations for vessel-based activities.....2
7.3. Timing.....	7.3. Timing.....2
7.4. Nature, scale and complexity.....	7.4. Nature, scale and complexity.....2
7.5. Matters that cannot be fully addressed.....	7.5. Matters that cannot be fully addressed.....2
7.6. Considerations prior to submitting.....	7.6. Considerations prior to submitting.....2
8. Management plan content.....	8. Management plan content.....2
8.1. Plan must describe activities and o.....	8.1. Plan must describe activities and o.....2
8.2. Plan must address consultation ca.....	8.2. Plan must address consultation ca.....2
8.3. Plan must describe stakeholder en.....	8.3. Plan must describe stakeholder en.....2
8.4. Conditions of the licence.....	8.4. Conditions of the licence.....2
8.5. Plan must refer to any obligations.....	8.5. Plan must refer to any obligations.....2
8.6. Plan must include information abo.....	8.6. Plan must include information abo.....2
8.7. Plan must address work health and.....	8.7. Plan must address work health and.....2
8.8. Plan must include list of relevant s.....	8.8. Plan must include list of relevant s.....2
8.9. Plan must describe maintenance o.....	8.9. Plan must describe maintenance o.....2
8.10. Plan must describe decommission.....	8.10. Plan must describe decommission.....2
8.11. Compliance with financial securit.....	8.11. Compliance with financial securit.....2
8.12. The management system.....	8.12. The management system.....2
8.13. Plan must address emergency me.....	8.13. Plan must address emergency me.....2
8.14. Plan must address compliance wi.....	8.14. Plan must address compliance wi.....2
8.15. Plan may apply, adopt or incorpo.....	8.15. Plan may apply, adopt or incorpo.....2
9. Notifications to the OIR.....	9. Notifications to the OIR.....2
9.1. Notification of incidents, unplanne.....	9.1. Notification of incidents, unplanne.....2
9.2. Activity commencement and comp.....	9.2. Activity commencement and comp.....2
10. Management plan summaries.....	10. Management plan summaries.....2
11. Monitoring.....	11. Monitoring.....2
12. Related documents.....	12. Related documents.....2
Appendix 1 – Outline of management plan con.....	Appendix 1 – Outline of management plan con.....2
	

- The management plan must describe the **process** that the licence holder has **used to identify** consultees and include a comprehensive list of the persons, organisations, communities and groups who have been consulted before applying for approval of a management plan.
- Information about the process for undertaking the consultation is also required to demonstrate that the manner of consultation that a **reasonable effort** has been made to identify and consult consultees and that consultees have been provided with **sufficient information** and a **reasonable period of time** for the consultation.
- The management plan should only address consultation carried out in relation to the licence activities to be authorised by the plan.



Report on consultation – reg 81

- The initial management plan must include a report on the outcomes of consultation.
- Regulation 81(3) sets out the matters that must be included in the consultation report.
- The report on consultation should include:
 - clear identification of claims raised
 - an assessment of the merit of each objection or claim with sufficient rationale to support that assessment
 - a demonstration of the suitability of any measures adopted as a result of the consultation.



Consultation to meet conditions and obligations

- Differs from consultation under subdivision D
- Requirements are more specific in some cases “**The licence holder must**”
- Additional effort may be required to engage with these consultees
- The management plan should clearly identify consultation against conditions and obligations where required to be documented
- May need to be documented in initial and revised management plans
- Some consultation, for example under regs 15A and B, does not need to be included in the plan



Offshore Electricity Infrastructure (Declared Area OEI-01-2022) Declaration 2022

I, Chris Bowen, Minister for Climate Change and Energy, make the following instrument.

Dated 17/12/22

Chris Bowen
Minister for Climate Change and Energy



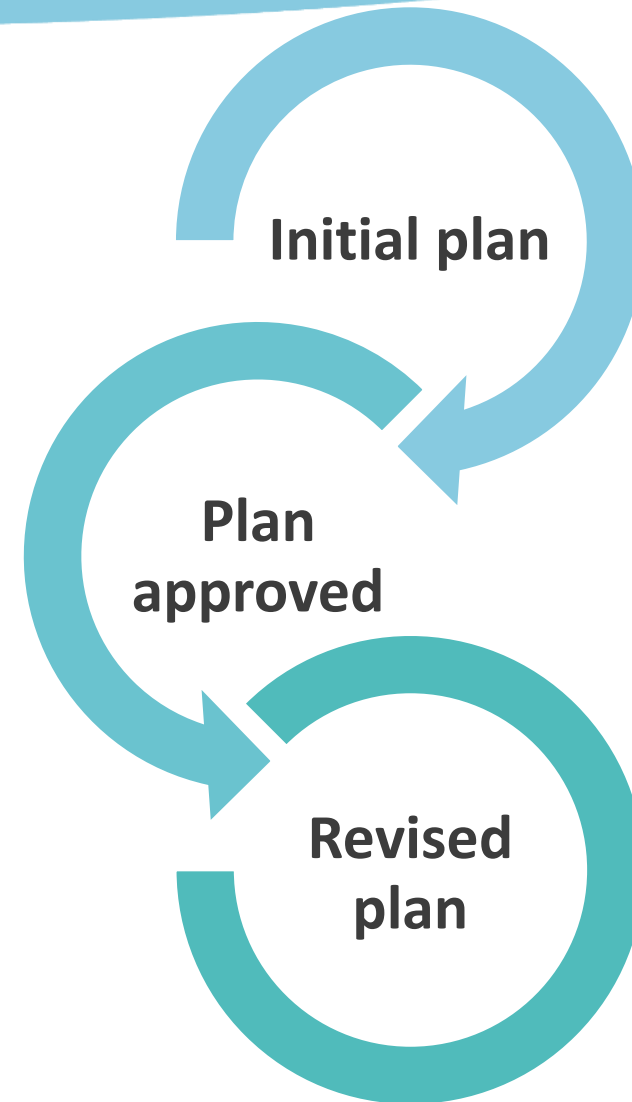
Stakeholder engagement strategy

- Licence holders are required to describe their stakeholder engagement strategy in their management plan **and** must publish their stakeholder engagement strategies on their project website.
- The stakeholder engagement strategy lives outside the management plan and will likely cover a broader, project-wide scope.
- The stakeholder engagement strategy should:
 - list the identified stakeholders which may be the same or broader than the list at regulation 81
 - describe the aspects of the licence holder's stakeholder engagement strategy that will:
 - identify future changes to the list of stakeholders
 - address the stakeholder engagement strategy content requirements in regulation 82 as relevant to the 'activities subject to consultation'
 - demonstrate how ongoing engagement will continue with those consultees in relation to the 'activities subject to consultation' for the duration of licence activities
 - consider changes in lists of consultees or the impacts arising from changes to activities that could affect consultees
 - describe the licence holder's complaints handling process.



Initial plans vs revised plans

- Initial plans must document Subdivision D consultation and consultation to comply with conditions and obligations.
- Following approval of an initial plan, ongoing consultation is managed under the Stakeholder Engagement Strategy.
- Revised plans must document compliance with conditions and any outcomes of consultation resulting from any direction under regulation 53(3).



Questions?



Morning tea break



Financial security



Key principles

The OEI Act requires licence holders to provide appropriate financial security to the Commonwealth before any offshore renewable energy infrastructure or offshore electricity transmission infrastructure can be installed.



117 Requirement to provide financial security

The holder of a licence for which there is a management plan must, at all times while the licence is in force, provide the Commonwealth with financial security sufficient to pay any costs, expenses and liabilities that may arise in connection with, or as a result of:

- a) the decommissioning of licence infrastructure; and*
- b) the removal of equipment and other property from the licence area or a vacated area; and*
- c) the remediation of the licence area and vacated areas, and any other area affected by activities carried out under the licence.*



Financial security interactions with the Regulator



Providing financial security:

For guidance on the process for providing financial security to the Commonwealth, visit the [DCCEEW website](https://www.dcceew.gov.au/offshorefinancialsecurity) or contact DCCEEW at offshorefinancialsecurity@dcceew.gov.au



Management plan requirements

The plan must describe how the licence holder will ensure compliance with the OEI Act.

The management plan must address compliance with financial security requirements by setting out:

- a calculation method
- verification
- calculated amounts of security
- proposed forms in line with reg 109
- compliance with Ministerial determinations
- timetable for provision of financial security.



Calculation method – reg 92(2)(a)

The plan must set out the method used to calculate the amount of financial security provided, or to be provided.

The calculation method must address the costs, expenses and liabilities to Government that may arise in connection with decommissioning, removal and remediation in relation licence infrastructure and other relevant structures, equipment and property.

The licence holder must demonstrate that the calculation method is suitable, robust and will result in amounts that reflect the greatest reasonably credible total costs to the Commonwealth.

Development of an industry method for establishing financial security has been successful in other industries. The OIR encourages similar collaboration in the context of offshore renewables.



Calculation method – reg 92(2)(a)

Licence holders must consider the full scope of costs, expenses and liabilities that may be relevant to the calculation method including, but not limited to:

- project management, including stakeholder engagement and ensuring compliance with all relevant obligations
- procurement of, and costs of contracts with consultants for planning, technical engineering or environmental work, verification or in-field support
- environmental field surveys
- costs for operational and post-cessation work prior to full decommissioning, including ongoing inspection, maintenance and repair, and emergency preparedness
- operational costs of decommissioning and removing all structures, equipment and property from the seabed
- logistics, freight and port costs
- recycling and waste management
- remediation and post-decommissioning monitoring.



Calculation method – reg 92(2)(a)

Cost to the Commonwealth

- You may use evidence of your own internal effort as the basis of assumptions contained in a calculation method.
- However, the context for Government will be establishing a project without the benefit of any existing efficiencies or previous work in terms of existing relationships with contractors, engineering studies, decommissioning plans or method statements.
- The Commonwealth must follow government procurement rules set by parliament.
- The calculation method should not assume that the original contractors, including vessel contractors, engaged by a licence holder will be used by the Commonwealth to undertake decommissioning.

The OIR considers that in all circumstances, costs to Government for completing work on behalf of a licence holder will be higher than the cost for a licence holder to complete the same work.



Calculation method – reg 92(4)

The management plan should cost the scenarios that result in the highest credible costs to Government and explain why other scenarios have not been included in the financial security calculation method.

Unexpected circumstances:

- Scenarios that form the basis of the calculation method must consider a reasonably foreseeable unplanned event.

Emergencies:

- Insurance maybe available to address the emergency scenario identified.
- If that is the assumption, the plan should clearly articulate how the cost of insurance is included in the calculation method.



Calculation method – reg 92(2)(a)

Remediation

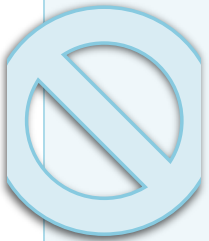
- There may not be extensive remediation activities required for every type of activity approved under a management plan.
- However, the Act and Regulations still require that remediation is addressed in the method. Ensure that you have provided the analysis and assumptions to address every aspect of the regulatory requirements.

Other inclusions and assumptions

- The management plan should note any key assumptions that the calculation method has used to calculate the amount of financial security being proposed.
- This may include inflation rates, exchange rates, vessel day rates and availability, operational port selected, mobilisation time and other factors.



Verification – reg 92(2)(b)



Verification is not *just*

- A quote from a supplier
- Costs based on existing internal contracts
- Checking the calculation adds up



Verification is also

- Reviewing the method and all inputs to ensure compliance against the OEI Act and Regulations.

*Activities approved in a management plan for a **feasibility licence** are likely to be of a scale and nature that the calculation of financial security is relatively straightforward.*

For this licence type, in-house verification is likely to provide the OIR with the assurance required to satisfy the regulations as long as the management plan clearly describes the activities undertaken to verify the method.



Verification – reg 92(2)(b)

The OIR expects the verification to have considered whether the calculation method has been appropriately scoped.

Consider:

- Alignment between the financial security scenario and assumptions and the management plan.
- Consistency with the list of equipment, structures and infrastructure that must be removed from the licence area.
- If the management plan has identified potential emergency scenarios, has the scenario that results in the greatest credible costs been included in the financial security method?

While a third party can provide a quote to address a given scenario, it is the licence holder that needs to ensure that the scenario will satisfy the regulations.



Verification - reg 108

- The OIR may direct a licence holder to arrange independent verification of the method used or to be used to calculate the amount of financial security for the purposes of section 117 of the OEI Act.
- The licence holder must engage an entity that is suitably qualified, competent and independent to:
 - carry out the verification
 - provide a written report on the verification to the licence holder.
- The licence holder must give a copy of the report to the OIR.



Forms and timetable – reg 92(c) and (f)

Acceptable financial security arrangements

- cash deposits paid to the Commonwealth
- cash deposits held by a financial institution
- credit facilities with financial institutions
- guarantees from a financial institution
- insurance policies with financial institutions.

Financial arrangements that are not acceptable

- self-insurance
- an arrangement under which the Commonwealth is a beneficiary of a trust
- a guarantee provided by a related body corporate of the licence holder.

Timetable for providing securities


- Financial security may be required at different times due to, for example, phasing of development and construction activities.
- Financial security must be maintained for the life of the licence and will be adjusted to suit the changing profile of the activity over time, as set out in the management plan.
- The financial security arrangements and the timing of securities will vary and will be assessed by the OIR on a case-by-case basis.



Post approval – revisions and ongoing compliance

The OIR will conduct inspections to ensure licence holders are complying with their obligations to always maintain financial securities while the licence is in force.

The OIR's management plan lifecycle guideline provides information on when a management plan must be revised.



GUIDELINE

Management plan lifecycle

Document No: N-04403-GL2254 A1156241
Date: 11/12/2024

1. Background

The Offshore Infrastructure Regulator (OIR) is provided with functions and powers under the *Offshore Electricity Infrastructure Act 2021* (OEI Act)¹. The OIR is responsible for regulating work health and safety, environmental management, and *infrastructure integrity*² of *offshore infrastructure activities*³ in the *Commonwealth offshore area*⁴.

2. Purpose

The purpose of this document is to provide OEI Act licence holders with information about the management plan assessment process and the lifecycle of management plans including requirements for management plan revisions. It is also intended to provide other stakeholders with general information about the management plan framework.

3. Scope

This guideline applies to the assessment of management plans and requirements for management plan revisions. This document is not legally binding and is provided to inform stakeholders as to how the OIR exercises its discretion under relevant legislation. It reflects the current policies of the OIR, which may change from time to time, with all changes being notified publicly.

4. Relevant legislation

The following Commonwealth legislation gives direction to the OIR and provides the legal framework relevant to management plans:

- *Offshore Electricity Infrastructure Act 2021* (OEI Act)
- *Offshore Electricity Infrastructure Regulations 2022* (OEI Regulations)
- *Work Health and Safety Act 2011* (WHS Act) as applied under the OEI Act
- *Work Health and Safety Regulations 2011* (WHS Regulations) as applied under the OEI Regulations

¹ See section 177 of the OEI Act
² See section 8 of the OEI Act
³ *Ibid*
⁴ *Ibid*

Offshore Infrastructure Regulator N-04403-GL2254 A1156241 11/12/2024 Page 1 of 8



Financial security no longer required



The Minister may determine that a licence holder is no longer required to provide an amount of financial security.



The Minister must have regard to the Regulator's advice in making the determination.




The return of financial security is facilitated by DCCEEW.




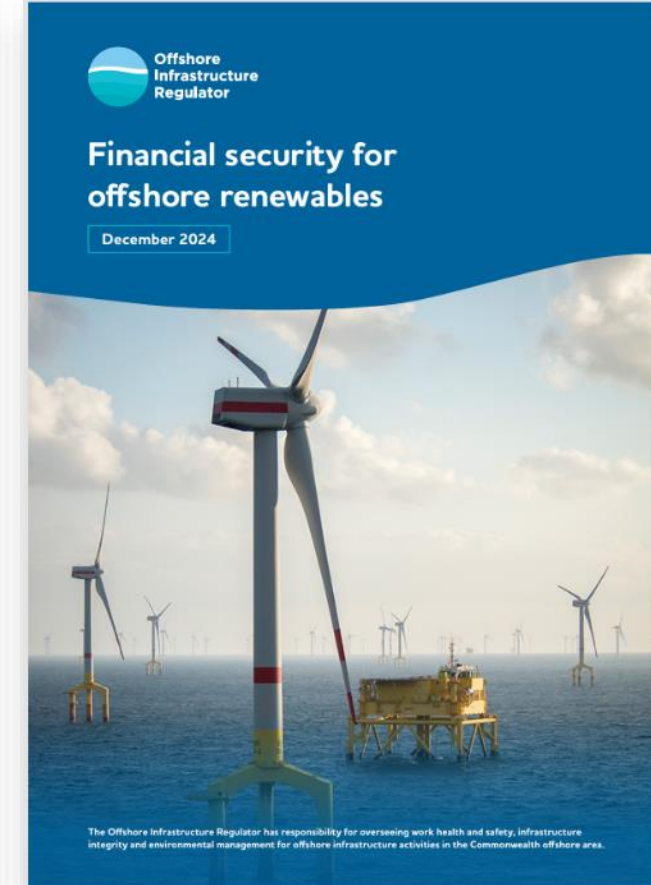
Questions?



Useful resources

	GUIDELINE
Consultation and engagement for OEI management plans	
Document No: N-04403-GL2259 A1164505	
Date: 20/03/2025	
Contents	
1. Background	2
2. Purpose	2
3. Scope	2
4. Disclaimer	2
5. Relevant legislation	3
6. Intent of consultation and engagement under the OEI framework	3
7. Requirement to consult	3
7.1. Consultation before applying for approval of an initial management plan	3
7.2. Consultation before applying for approval of a revised management plan	4
7.3. Consultation required by licence conditions	4
7.4. Consultation required to comply with EPBC Act obligations	4
7.5. Consultation required by the Minister – proposed commercial licence	5
7.6. Consultation required by the applied work health and safety provisions	5
8. Scope of activities subject to consultation	6
9. Identification of consultees	6
9.1. Reasonable effort to identify consultees	7
9.2. Proximity to licence area	7
9.3. Directly affected	8
9.4. Representing the interests of the first person, organisation, community or group	8
10. Who is to be consulted	8
10.1. Commonwealth and State government agencies	8
10.2. First Nations organisations or groups	9
10.3. OEI licence holders	11
10.4. Other commercial activities	11
10.5. Communities	12
10.6. Recreational fishers	12
11. Manner of consultation	13
11.1. General principles of effective consultation and engagement	13
11.2. Reasonable effort to consult	14
11.3. Sufficient information	14
11.4. Reasonable period	15
12. Addressing consultation in the management plan	16
13. Stakeholder engagement strategy	17
13.1. Publication of the SES	19
14. Monitoring	20
15. Related documents	20
Appendix A: Australian government agency roles in the Commonwealth offshore area	21
Offshore Infrastructure Regulator	N-04403-GL2259 A1164505 20/03/2025 Page 1 of 29

	GUIDELINE
Financial Security	
Document No: N-04404-GL2127 A981992	
Date: 19 March 2025	
Contents	
1. Background	2
2. Purpose	2
3. Scope	2
4. Disclaimer	3
5. Relevant legislation	3
6. Requirement to provide financial security	3
7. Management plan requirements	4
7.1. Financial security content in management plans	5
7.1.1. Systems and processes to ensure compliance	5
7.1.2. Method for calculating amounts of security	5
7.1.3. Describe how the licence holder has verified the method	9
7.1.4. Financial security already provided	10
7.1.5. Financial security to be provided	10
7.1.6. Financial security timetable	11
7.1.7. Forms of security	11
7.1.8. Determinations by Minister	13
7.2. Management plan revisions relating to financial security	13
8. Compliance	14
8.1. Financial security that is no longer required	14
8.2. Financial security obligations during licence transfer	14
8.3. Commonwealth use of financial security	15
9. Document review	15
10. Related documents	15
Offshore Infrastructure Regulator	N-04404-GL2127 A981992 Page 1 of 35





**Offshore
Infrastructure
Regulator**

Offshore Infrastructure Regulator

offshorerenewables@oir.gov.au

Level 10, Alluvion, 58 Mounts Bay Rd, Perth WA 6000
GPO Box 2568, Perth WA 6001 Australia

oir.gov.au