

# **Petroleum and Gas (Production and Safety) Amendment Regulation (No. 3) 2014**

Explanatory notes for SL 2014 No. 332

made under the

*Petroleum and Gas (Production and Safety) Act 2004*

## **General Outline**

### **Short title**

*Petroleum and Gas (Production and Safety) Amendment Regulation (No. 3) 2014*

### **Authorising law**

Sections 402(1)(b), 669 and 107A(3) of the *Petroleum and Gas (Production and Safety) Act 2004*

### **Policy objectives and the reasons for them**

With regard to the amendment that prescribes a substance under section 402(1)(b) of the *Petroleum and Gas (Production and Safety) Act 2004*, the policy objective is to provide for the use of a dormant infrastructure, for another purpose than for which it was initially constructed. That is, use an existing petroleum pipeline that was authorised to be constructed or operated under a pipeline licence administered under the *Petroleum and Gas (Production and Safety) Act 2004*. This pipeline previously transported petroleum but no longer does so. A proposal has been made to use the existing pipeline to transport diesel.

With regard to the amendment that requires operators to ensure certain workers meet competency requirements for well servicing, the policy objective is ensure regulatory requirements for petroleum and gas safety are clear, consistent and reflective of changes to industry practice and activities.

Following a Coronial Inquiry recommendation (2006) to mandate educational requirements for rig workers in the gas drilling and extraction industry, section 54AA was inserted into the *Petroleum and Gas (Production and Safety) Regulation 2004* in 2007 to require well drilling competencies for each person working on drilling rigs.

While the definition of drilling operating plant is broad enough to incorporate well servicing activities, the current construction of section 54AA of the *Petroleum and Gas (Production and Safety) Regulation 2004* does not support its application to well

servicing activities. The demand for well servicing is increasing to support the expanding number of wells for coal seam gas production. Industry identified a gap in the skills needed for well servicing which in turn has resulted in well servicing competencies being included in the most recent Resource and Infrastructure Industry Training Package (November 2013).

The *Land and Other Legislation Amendment Act 2014* amended the *Petroleum and Gas (Production and Safety) Act 2004* to prescribe a fee for special amendments to an Authority to Prospect. Section 107A(3) of the *Petroleum and Gas (Production and Safety) Act 2004* states an application must be accompanied by the prescribed fee. An objective of this regulation is to prescribe the amount of the fee for this purpose.

## **Achievement of policy objectives**

The policy objectives are achieved by:

- Providing that a 'distilled petroleum substance', such as diesel, may be transported by a pipeline authorised to be constructed or operated under a pipeline licence under the *Petroleum and Gas (Production and Safety) Act 2004*.
- Amending section 54AA of the *Petroleum and Gas (Production and Safety) Regulation 2004* to provide that where operators under the *Petroleum and Gas (Production and Safety) Act 2004* are carrying out well servicing activities, workers will be required to meet well servicing competencies. In line with equivalent provisions for well drilling activities, there is an exemption where a worker is undergoing training for the competencies and is supervised by a competent person for well servicing activities.
- Introducing a fee of \$1 141.00 for special amendments to an Authority to Prospect. This is similar to existing fees for amending an Authority to Prospect work program in other circumstances.

## **Consistency with policy objectives of authorising law**

The amendment regulation is consistent with the objectives of the *Petroleum and Gas (Production and Safety) Act 2004*.

## **Inconsistency with policy objectives of other legislation**

The amendment regulation is consistent with the policy objectives of other legislation.

## **Benefits and costs of implementation**

There are no implementation costs resulting from the amendment to allow a petroleum pipeline to transport additional substances. There are significant benefits if dormant petroleum pipelines are used for transporting additional substances. For example:

- making better use of existing infrastructure as promoted in the Government's *InfrastructureQ Directions Statement*;
- reducing new applications for easements; and
- providing alternate transportation options to reduce road transport of fuel.

The benefits of amendments to section 54AA of the *Petroleum and Gas (Production and Safety) Regulation 2004* will support stakeholders in meeting existing regulatory requirements. While there may be some cost impacts for the training of workers, the impact on industry is not significant. This is because industry has supported the development of the competencies and is anticipating their application by regulation in line with existing provisions for well drilling. In addition State Government training funds have been made available to support training requirements.

There are no cost implications with the introduction of the new fee.

## **Consistency with fundamental legislative principles**

The amendments in the *Petroleum and Gas (Production and Safety) Amendment Regulation (No. 3) 2014* do not breach any fundamental legislative principles set out in section 4 of the *Legislative Standards Act 1992*.

## **Consultation**

The following government agencies have been consulted about the amendment that prescribes a substance pursuant to section 402(1)(b) of the *Petroleum and Gas (Production and Safety) Act 2004*:

- Department of State Development, Infrastructure and Planning.
- Department of Environment and Heritage Protection.
- Petroleum and Gas Inspectorate, Safety and Health, Department of Natural Resources and Mines.

The Office of Best Practice Regulation, Queensland Competition Authority were also consulted and advised that this amendment was an administrative process provided for under the *Petroleum and Gas (Production and Safety) Act 2004*. Therefore, Office of Best Practice Regulation considered that the proposed amendment did not require further analysis, in the form of a Regulatory Impact Statement, under the Treasurer's Regulatory Impact Statement Guidelines.

No non-government consultation was carried out, as the amendment that prescribes a substance pursuant to section 402(1)(b) of the *Petroleum and Gas (Production and Safety) Act 2004* does not affect other stakeholders, directly or indirectly.

In proposing the amendment that requires operators to ensure workers meet competency requirements, the Department of Natural Resources and Mines worked with the drilling industry to revise the competency standard applied by this amendment. This followed the release in November 2013 of the revised Resource and Infrastructure Industry Training Package which included for the first-time well servicing competencies. These competencies were developed nationally in accordance with the consultation processes used by Industry Skills Councils to continuously improve national training.

The Office of Best Practice Regulation, Queensland Competition Authority was also consulted about this amendment and concluded that the proposal is considered unlikely to result in significant adverse impacts. Therefore, a Regulatory Impact Statement was not required under the Treasurer's Regulatory Impact Statement Guidelines.

Queensland Treasury and Trade was consulted in relation to the new fee, and on 19 June 2014 the Treasurer and Minister for Trade approved its introduction. The Office of Best Practice Regulation, Queensland Competition Authority was consulted about this amendment and advised that in accordance with the Treasurer's Regulatory Impact Statement Guidelines for exclusion categories, the amendment aligns with the identified exclusion category. While the introduction of a new fee would generally require further analysis under the Treasurer's Regulatory Impact Statement Guidelines, the Office of Best Practice Regulation notes that the fee appears to be machinery in nature and that the proposed amount is consistent with the prescribed fee for other applications to amend work programs. Therefore, the proposal is unlikely to cause significant adverse impacts on stakeholders and no further analysis is required under the Treasurer's Regulatory Impact Statement Guidelines. As such, a Regulatory Impact Statement is not required.

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