

Petroleum and Gas (Safety) Regulation 2018

Explanatory notes for SL 2018 No. 135

made under the

Coal Mining Safety and Health Act 1999

Greenhouse Gas Storage Act 2009

Petroleum Act 1923

Petroleum and Gas (Production and Safety) Act 2004

State Penalties Enforcement Act 1999

Transport Operations (Road Use Management) Act 1995

Work Health and Safety Act 2011

General Outline

Short title

Petroleum and Gas (Safety) Regulation 2018

Authorising law

Section 282 of the *Coal Mining Safety and Health Act 1999*

Section 429 of the *Greenhouse Gas Storage Act 2009*

Section 149 of the *Petroleum Act 1923*

Sections 669 and 859 of the *Petroleum and Gas (Production and Safety) Act 2004*

Section 165 of the *State Penalties Enforcement Act 1999*

Section 171 of the *Transport Operations (Road Use Management) Act 1995*

Section 276 of the *Work Health and Safety Act 2011*

Policy objectives and the reasons for them

The primary policy objective of the *Petroleum and Gas (Safety) Regulation 2018* (the P&G Safety Regulation 2018) is to support the *Petroleum and Gas (Production and Safety) Act 2004* to achieve its purpose to facilitate and regulate the carrying out of responsible petroleum activities and the development of a safe, efficient and viable petroleum and fuel gas industry.

More specifically, the P&G Safety Regulation 2018 intends to provide appropriate, effective and relevant safety regulation for Queensland's petroleum, coal seam gas and fuel gas industries. Safety regulation is essential for ensuring workplaces with high risk gas hazards are managed in a way that keeps workers and community members

safe by requiring risks to be managed or controlled to an acceptable level. It is also essential for establishing standards for people working on gas devices and systems to ensure they are competent and have appropriate qualifications to undertake high risk work.

A second policy objective is to meet statutory requirements for subordinate legislation. Under section 54 of the *Statutory Instruments Act 1992*, the *Petroleum and Gas (Production and Safety) Regulation 2004* (the 2004 Regulation) expires on 31 August 2018 unless exempted by regulation. The 2004 Regulation includes safety and royalty matters for petroleum and gas.

Achievement of policy objectives

The primary policy objective of the P&G Safety Regulation 2018 is achieved by the continued operation of petroleum and gas safety provisions to ensure effective operation of the *Petroleum and Gas (Production and Safety) Act 2004*. Specifically the P&G Safety Regulation 2018 achieves effective and relevant safety regulation for Queensland's petroleum, coal seam gas and fuel gas industries by:

- prescribing technical standards and safety requirements to ensure safety at workplaces where gas exploration, production, use, storage or transport is a hazard
- prescribing technical standards and safety requirements to ensure safety of gas work and devices, including safe use by consumers and
- establishing a framework to license and authorise persons to install, certify, alter and approve gas devices in Queensland.

The P&G Safety Regulation 2018 achieves the second policy objective by completing a statutory review of the 2004 Regulation by remaking the petroleum and gas safety provisions. The first stage was completed with the making of the *Petroleum and Gas (General Provisions) Regulation 2017* for the general tenure provisions for petroleum and gas.

Consequential amendments to the 2004 Regulation include renaming the 2004 Regulation as the *Petroleum and Gas (Royalty) Regulation 2004* to reflect that it now only contains royalty provisions.

Some chapters have been restructured and a summary of each chapter and schedule is outlined below.

Chapter 1 Preliminary

Chapter 1 sets out a number of preliminary matters for the P&G Safety Regulation 2018.

Chapter 2 Petroleum

Chapter 2 prescribes safety and other requirements for exploration and production activities on petroleum tenure.

Chapter 3 Coal mining and overlapping areas

Chapter 3 prescribes safety and other requirements to ensure the exploration and production of petroleum does not adversely affect the safe and optimal mining or future mining of coal. It also includes safety obligations for operators of operating plant in overlapping resource tenure areas.

Chapter 4 Pipelines

Chapter 4 prescribes safety and other requirements for petroleum and fuel gas pipelines.

Chapter 5 Fuel gas networks and automotive LPG sites

Chapter 5 prescribes safety and other requirements for fuel gas networks and automotive LPG sites.

Chapter 6 Gas systems

Chapter 6 prescribes safety and other requirements for gas systems supplied with fuel gas by a fuel gas network, gas systems in vehicles, vessels and stationary engines, and gas systems in other plant and equipment.

Chapter 7 Gas work

Chapter 7 prescribes safety and other requirements for undertaking gas work. It also includes requirements for gas work licences and gas work authorisations.

Chapter 8 Transport and supply of LPG

Chapter 8 prescribes safety and other requirements for transporting and supplying LPG.

Chapter 9 Fees

Chapter 9 provides for the petroleum and gas safety and health fee.

Chapter 10 Transitional provisions

Chapter 11 prescribes transitional provisions for some requirements in the 2004 Regulation.

Chapter 11 Amendment of legislation

Chapter 11 makes consequential amendments to other regulations.

Schedule 1 Gas devices (type A)

Schedule 1 lists appliances and equipment prescribed as type A gas devices.

Schedule 2 Mandatory and preferred standards for safety requirements

Schedule 2 prescribes mandatory and preferred standards and the activities to which these standards apply.

Schedule 3 Coal seam gas potential hazard guide

Schedule 3 lists potential hazards in relation to current or future mining of coal that may be created by an operating plant used to explore and produce petroleum.

Schedule 4 Strategic pipelines

Schedule 4 lists pipelines defined as *strategic pipelines*.

Schedule 5 Gas work licences and gas work authorisations

Schedule 5 prescribes the types of gas work licences and gas work authorisations and qualifications required to obtain each type of licence and authorisation.

Schedule 6 Fees

Schedule 6 prescribes fees for categories of operating plant and gas work licence and gas work authorisation holders.

Schedule 7 Dictionary

Schedule 7 defines terms used in the regulation.

Consistency with policy objectives of authorising law

The P&G Safety Regulation 2018 is consistent with the policy objectives of the authorising law. It supports a regulatory framework under the *Petroleum and Gas (Production and Safety) Act 2004* to facilitate and regulate the carrying out of responsible petroleum activities and the development of a safe, efficient and viable petroleum and fuel gas industry.

Inconsistency with policy objectives of other legislation

There is no inconsistency with policy objectives of other legislation.

Benefits and costs of implementation

Benefits of implementing the P&G Safety Regulation 2018 include:

- maintaining a framework to support regulated entities meet their safety obligations in the *Petroleum and Gas (Production and Safety) Act 2004*
- providing simpler access to safety requirements for a diverse range of petroleum and fuel gas industries by having a standalone regulation
- reducing the need for regulated entities to modify existing compliance arrangements by not making substantial policy changes
- streamlining incident reporting requirements to focus on serious incidents with clearer reporting thresholds, providing increased certainty for industry
- rationalising safety requirements to remove duplication and ambiguity
- updating references to standards and codes
- removing unnecessary and redundant requirements
- adopting a contemporary, plain English drafting style.

Costs of implementing the P&G Safety Regulation 2018 will be minimal for industry and other regulated entities as there are no substantive policy changes from existing requirements under the 2004 Regulation. It is anticipated that where requirements have been streamlined, short term costs for adjusting compliance arrangements will be soon overtaken by longer term savings.

Implementation costs for government are limited to revising web publications, forms and compliance certificates/plates that make reference to the 2004 Regulation. These costs will be managed within existing budget allocations.

Consistency with fundamental legislative principles

The P&G Safety Regulation 2018 has been drafted with regard to fundamental legislative principles as defined in section 4 of the *Legislative Standards Act 1992* and is considered not to breach any fundamental legislative principles.

Consultation

The review of the Regulation was undertaken in consultation with Queensland's petroleum and gas industry representatives, including the Australian Petroleum Production and Exploration Association (APPEA) and members of the Petroleum and Gas Inspectorate's Stakeholder Engagement Committees. The Safety and Health and Gas Work Committees comprise representatives of the upstream, distribution and downstream sectors of Queensland's petroleum and gas industry.

APPEA, the Queensland Resources Council and Stakeholder Engagement Committees were briefed and invited to comment on the consultation draft of the P&G Safety Regulation 2018. Industry representatives also had opportunity in May 2018 to attend Question and Answer sessions about the consultation draft. Advice about the remaking of the 2004 Regulation was also announced at 14 gas fitter trade nights across Queensland during May and June 2018.

All parties consulted are broadly supportive of the P&G Safety Regulation 2018. Some biogas stakeholders raised concern that the remake process did not resolve biogas safety issues. The department is undertaking a separate policy review of biogas safety regulation which canvasses substantial changes including establishing a tiered fee structure and developing safety requirements for an emerging industry with different levels of safety risks. These issues were assessed as requiring ongoing consultation and finalising regulatory proposals could not be achieved within the statutory timeframe for remaking the safety provisions.

The Office of Best Practice Regulation within the Queensland Productivity Commission was consulted regarding the need to prepare a Regulatory Impact Statement for the proposed remake of safety provisions. The Office of Best Practice Regulation considers that the department has satisfactorily met the objectives for sunset reviews as set out in the *Queensland Government Guide to Better Regulation* and that no further regulatory impact analysis is required.