

Response from Petroleum and Gas Inspectorate, Department of Mines and Energy to Productivity Commission Issues Paper on “Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector”

Introduction

Queensland has the bulk of Australia’s on shore petroleum and gas exploration and production activities.

Upstream petroleum and gas exploration is administered in Queensland under the *Petroleum and Gas (Production and Safety) Act 2004* (P&G Act) by the Petroleum and Gas Inspectorate of the Department of Mines and Energy (DME). Safety provisions in Chapter 9 deem “a facility used to explore for, produce or process petroleum including machinery used for or maintaining or repairing a petroleum well”. In addition petroleum facilities, pipelines and the petroleum tenure itself, where the above operating plant are located, all fall under the definition of operating plant.

Response top questions under “occupational health and safety p 10 &11

- Requirements for operating plant are largely risk based, outcome driven and include the need to have a safety management plan (SMP) in accordance with P&G Act. The plan contents are based on ISO9001 and AS4801 frameworks. Critically there is no prescribed format in the legislation and the Department discourages the writing of a particular document to meet the legislative requirements. Rather organisations existing safety management plans/systems can be mapped against the requirements to ensure that they cover all the legislative obligations. The Department of Mines and Energy has produced an audit tool for this purpose ‘SafeOP for Petroleum and Gas – a guide to legislative requirements for operating plant.’
- The legislation does not require approval of SMPs, rather there is an obligation to have one and implement it and compliance is monitored via audit.
- Because of the above the P&G Inspectorate does not consider that there is any significant duplication of requirements or addition compliance costs in regard to safety obligations.
- The NOPSA model is not considered an effective model for regulation of on shore upstream petroleum matters. The majority of production is conducted in only two States (South Australia and Queensland). In Queensland the majority of production is now coming from coal seam gas. Coal seam gas production activities require extensive drilling in stark contrast to similar production from conventional resources on shore and even more so from offshore resources. Much of this drilling is undertaken by smaller sized mineral style rigs quite different to offshore rigs. In addition much of the upstream petroleum work is undertaken by smaller companies and certainly not by the multi-national companies which tends to be the case in the offshore environment.
- In addition there is significant overlap of issues with coal mining activities and the P&G Inspectorate works closely on safety matters with our mining colleagues in the Mines Inspectorate, including undertaking joint audits. Moving to a national body would remove these synergies.
- The P&G Inspectorate also regulates transmission pipelines, reticulation of gas, LPG industries including automotive LPG, and down stream industrial, commercial

and domestic use of gas. Removal of any upstream component would reduce efficiencies gained from this one stop approach to petroleum and gas safety regulation in Queensland.

- Queensland workplace health and safety legislation does not apply to upstream petroleum and gas facilities as all health and safety matters are dealt with under the P&G Act. Specific industry based legislation is required in a high risk area such as petroleum and gas. In addition specialised petroleum and gas “experts” are needed rather than the generalist inspector under the WH&S model.

Response to NOPSA model p.25

As discussed above from a safety perspective, a NOPSA model would not provide a one stop shop at all. Interactions with mining issues and interactions with midstream and downstream petroleum and gas industries would not be able to be addressed by a national regulator for upstream petroleum safety matters. These are currently addressed under the current Queensland safety regulation arrangement.