



20 September 2019

Committee Secretary
State Development, Natural Resources and Agricultural Industry Development Committee
Parliament House
George Street
Brisbane Qld 4000

Via email: sdnraidc@parliament.qld.gov.au

Dear Sir/Madam,

RE: Resources Safety and Health Queensland Bill 2019

I am pleased to provide APPEA's submission on the above Bill.

At the outset I would like to emphasise the strong commitment to safety across the Queensland petroleum industry. The industry has an excellent track record in keeping workers safe and proactively works to ensure safety is front of mind for all workers.

Evidence of this commitment can be found in *Safer Together*, a not-for-profit, member-led organisation committed to creating the leadership and collaboration needed to build a strong and consistent safety culture. *Safer Together* was formed and is operated by industry participants and contract partners.

Through *Safer Together* the industry has developed a variety of initiatives to improve safety performance including common in-vehicle monitoring system specifications, specifications for light and heavy vehicles operating in the industry, common safety training requirements and competencies, safety culture toolkits, standardised safety induction training, and processes for communication and sharing learnings from safety incidents.

The industry is proud of its safety culture and performance. Over the past three years (Q4 2015 to Q3 2018) fatality and accident data indicates the industry's approach to safety and the existing regulatory system is producing results on a variety of metrics:

Hours worked	77.6 million (avg. 2.16 million hours per month, reducing more recently to 1.70 million hours per month)
Fatalities	1
LTI	46
RWC	83
MTC	95
FAR	1.29 per 100 million hours worked
LTIFR	0.59 per million hours worked
TRIFR	2.89 per million hours worked



The industry's 2017 FAR of 1.29 compared to the global petroleum industry's 2017 FAR of 1.10. In 2018 there were no fatalities in the Australian petroleum and gas industry at all, giving a FAR of 0.00 which compares to the global industry FAR of 1.01, these are the lowest figures on record. By way of comparison, a person is approximately 20 times more likely to be killed in a road traffic accident in Queensland than a Queensland gas industry worker is to be killed at work.

Comments on the Bill

Consultative groups

We note that existing committees for minerals and coal mining will report direct to the new Commissioner.

The petroleum industry would be seeking its own, ongoing, independent representation to the commissioner. In this regard APPEA supports continuation of the existing consultative processes for petroleum as they have proven effective.

Funding

The Petroleum and Gas Inspectorate is efficiently run and has been very active in supporting safety performance. As noted above, the Queensland petroleum industry has a strong commitment to safety, a proactive approach, and an excellent track record.

Whilst the recent six fatalities in the mining sector in Queensland are tragic and deeply concerning, it is worth pointing out that there are key differentiators between mining and oil and gas operations, thus a single legislative approach might not be appropriate. For example, in 2018 there were no industrial fatalities in petroleum and gas operations anywhere in Australia. We have sustained one fatality in oil and gas in Queensland in the past 4 years and, whilst this is clearly one too many, we would contest the notion that we have a problem which needs addressing by punitive sanctions which, if enacted, might lead to unanticipated negative consequences.

APPEA therefore seeks further information on how the new safety regulator would be funded. In particular, we are concerned that the petroleum industry should not be asked to cross subsidise safety regulation in other industries.

Steel casing

APPEA has previously advocated for regulatory change to better enable the use of steel casing in horizontal wells. Should this occur we estimate that the increase in commercial reserves in Queensland to be in the order of 9,000 petajoules. Assuming a gas price of \$7/GJ ex field the potential value of allowing steel casing in horizontal wells is some \$63 billion. There would also be significant reductions in production costs however these are difficult to quantify cumulatively.

A prohibition on the use of steel casing in horizontal coal seam gas wells has existed since the introduction of the *Petroleum and Gas Act and Regulation 2004*. The prohibition, intended to ensure safe coal mining operations and avoid the risk of localised sterilisation of coal resources,



was replicated in s44 of the *Petroleum and gas (Safety) Regulation 2018 (the Regulation)*. We are not aware of any similar prohibitions in other national or international jurisdictions.

Exemptions to the prohibition are possible under s66 of the Regulation with approval from the safety inspectorate. The key issue is that under the Regulation the safety inspectorate is required to make decisions with the overriding objective of ensuring the future safe and optimal mining of coal without reference to the future safe and optimal production of gas.

Safety is a priority for all resource sector operators. However, given modern precision in identifying the location of casing, use of steel casing in the gas industry does not limit the safe development of Queensland's coal resources.

Within this context we are concerned that the move to an independent safety regulator will negatively impact the gas industry's ability to use steel casing in horizontal wells. Safety regulators should be focussed on ensuring safe operation, but with respect to steel casing they are being asked to also make decisions on the optimal production of Queensland's resources.

We therefore request, at a minimum, that the power to approve or decline exemption applications remain within DNRME with reference to the safety regulator should safety considerations exist. However, ideally the s44 prohibition should be replaced with an approval framework that supports the safe and optimal development of Queensland's gas and coal resources rather than being solely focussed on coal.

We would welcome the opportunity to discuss this submission with the Committee.

Yours sincerely,

A handwritten signature in blue ink that reads "Matt Paul".

Matthew Paul
Queensland Policy Director