

Agreement in Principle

Mr JOHN AQUILINA (Riverstone—Parliamentary Secretary) [10.32 a.m.]: I move:

That this bill be now agreed to in principle.

It is my privilege to introduce the Gas Supply Amendment Bill 2009. The Gas Supply Amendment Bill 2009 will amend the Gas Supply Act 1996 to consolidate regulatory authority for gasfitting, autogas mechanics, gas installations and gas appliances within the Office of Fair Trading. The bill implements recommendations of the Better Regulation Office targeted review, reforming arrangements for regulating gasfitting, gas installations and appliances. Changes to relevant regulations are also required and are detailed in a draft regulation that is tabled for public comment today. Specifically, the bill will do two main things. First, the bill makes it clear that the Office of Fair Trading is the sole agency with regulatory responsibility for gas installations, gasfitting work and autogas work.

Industry and Investment New South Wales is confirmed as the regulatory authority for work involving the installation or replacement of a gas meter. Secondly, the bill clarifies the definitions of "gas installation" and "gasfitting work" and ensures that definitions are consistent across all relevant legislation. These reforms are the result of a review led by the Better Regulation Office. The review was in response to concerns raised by industry that the regulatory framework for gasfitting, gas installations and gas appliances did not work well, resulting in confusion and potential gaps in compliance. This in turn created unnecessary red tape and could potentially compromise safety outcomes.

The review was completed by the Better Regulation Office in close consultation with the four government agencies involved in gas regulation in New South Wales and key industry stakeholders, such as gas industry associations, network operators, and gasfitters. Prior to these reforms, the regulation of gasfitters, gasfitting work, installations and appliances was spread across four agencies: the Office of Fair Trading, Industry and Investment New South Wales, the Roads and Traffic Authority and the WorkCover Authority. Often, there was confusion between agencies as to which had authority for particular issues. Under this bill, all four agencies will retain some regulatory responsibility with regard to gas. However, the scope of their responsibility will be better aligned to their core roles in government, and more clearly defined.

The reforms will in effect create a one-stop-shop for consumer gas issues in the Office of Fair Trading thereby reducing costs and improving access to information and advice for industry and consumers. The particular roles of each agency remain: WorkCover for maintaining workplace safety, the Roads and Traffic Authority for ensuring that roads and vehicles are kept safe, and Industry and Investment New South Wales for managing energy infrastructure. It is important to note that this bill will not affect the standard to which gasfitters and autogas mechanics must work, or affect the standards to which installations and appliances must be constructed and maintained. This bill will improve the management of gas regulation, assign roles to the appropriate agencies, make life easier for industry and consumers, and cut red tape. These reforms will remove gaps in the regulatory framework, and facilitate better compliance enforcement, which will ensure that the overall safety of gas infrastructure in New South Wales is improved.

I will now turn to consider the two core amendments brought in by the bill in detail. The bill makes it clear that the Office of Fair Trading is the sole agency with regulatory responsibility for gas installations, gasfitting work and autogas work. Fair Trading is the licensing authority for gasfitters and autogas mechanics under the Home Building Act 1989. However, the standards to which they work were contained in regulations that came under the authority of Industry and Investment New South Wales. There was also a designated role for the WorkCover Authority. This arrangement is the result of having two Ministers responsible for the Gas Supply Act 1989.

In particular, sections 83 and 83A provide for regulations to be made with respect to certain matters. Those made under section 83 are the responsibility of the Minister for Energy and those under section 83A are the responsibility of the Minister for Fair Trading. Although section 83, under the Minister for Energy, provided for regulations to do with gasfitting and autogas, those are functions more appropriately regulated by Fair Trading. That arrangement led to confusion among tradespeople and consumers. It was found that issues brought to Government often took a long time to reach the appropriate person or team responsible, and therefore took too long to resolve. As such, the bill rearranges which matters are under the purview of each Minister.

The power to make regulations with respect to gas installations, gasfitting work, autogas installations and autogas work is now found in section 83A and is therefore the clear responsibility of the Minister for Fair Trading. The bill confirms that the carrying out of work involving the installation or replacement of a gas meter or any part of the basic metering equipment remains a matter dealt with under section 83 and is the responsibility of the Minister for Energy. As well as helping to improve certainty for consumers and industry, these changes are being made because the authority responsible for licensing gasfitters and autogas mechanics should also have responsibility for setting and enforcing standards.

The Office of Fair Trading will become responsible for the standards to which gasfitters and autogas mechanics must work. This will provide a more effective regime for enforcing compliance by licensed gasfitters, handling complaints and resolving disputes. The applicable standards will continue to be those developed by Standards Australia and referenced in the regulations, which are the responsibility of the Minister for Fair Trading. Now, therefore, if a complaint is made about gasfitting work, or if a gasfitting licence should be revoked, the Office of Fair Trading has unambiguous authority to act. To facilitate this change, the bill gives inspectors appointed under the Fair Trading Act 1987 powers in relation to gasfitting, installations and appliances.

The second main function of the bill is to clarify the definitions of the key terms "basic metering equipment", "consumer service", "gas appliance", "gas container", "gas installation", "gas installation end point", "gas network", "gas supply point", and "gasfitting work". The most significant clarification relates to the definitions of "gas installation" and "gasfitting work". The bill ensures that definitions are consistent across all relevant legislation. Inconsistency in the definition of a gas installation across relevant pieces of legislation is one source of the uncertainty. For example, the Gas Supply Act defines an installation as "the gas pipes and associated equipment that are used to convey gas within premises to which gas is supplied". However, the Gas Supply (Safety and Network Management) Regulation 2008 defines gasfitting work as "maintenance of any part of a gas installation up to the gas meter outlet" and is silent on the significance of the premises boundary.

The bill clarifies that a "gas installation" means any pipe or system of pipes used to convey or control gas, and any associated fittings and equipment that are downstream of the "gas supply point", but does not include anything beyond the "gas installation end point". The "gas supply point" means, in the case of a gas installation to which gas is supplied from a gas network, the outlet of the gas meter at which the gas is supplied. The "gas installation end point" means, in the case of a gas installation to which gas is supplied from a gas network, the gas outlet socket. This means that the installation is all of the piping from the meter, up to the appliance, but not including the appliance. The qualifications and standards that apply to gasfitting work on "gas installations" are contained in the associated draft regulation.

In redefining key terms, the bill clarifies that changing a pigtail is not considered to be gasfitting work. A pigtail is a short length of small bore pipe or a hose assembly used for the high-pressure connection between a liquid petroleum gas cylinder and the cylinder regulator or the cylinder manifold. The clarification is required in light of the decision in a recent court case: *Deborah Lynn Webber & Others v West Lindfield Bowling Club Co-op* [2008]. In that case, the court interpreted the definition of gasfitting to include any work on a pigtail if it requires the use of a spanner. Pigtails were deemed to be within the definition of an installation and any work on them, such as replacing a worn or defective pigtail, had to be performed by a licensed gasfitter.

A pigtail is a simple device that can be easily and safely replaced by anyone with a bare minimum of technical skill. Some gas cylinder delivery companies have for a long time carried spare pigtails in their delivery vans. The spare pigtails are used to replace worn or defective pigtails, free of charge, before attaching a new gas cylinder. This service helped to keep consumers' cylinders safe. The effect of the court judgement was that if gas cylinder delivery staff found a worn or defective pigtail in the course of their delivery duties, they could not replace it. Given that the pigtail is an often neglected but vital safety item, the judgement will lead to an increase in the number of worn or defective pigtails remaining in operation, with a consequently significant increase in the risk of gas-related incidents occurring.

An alternative is for gas delivery staff to be licensed gasfitters. Not only would that lead to the underutilisation of skilled gasfitters, but it would also increase the cost of a cylinder delivery. To avoid those situations, the bill instead clarifies that changing a pigtail does not fall within the definition of "gasfitting work" if it is designed to be readily detachable from the installation, whether by the use of a tool, mechanical force or otherwise. Gas cylinder companies will be required, under normal occupational health and safety laws, to ensure that their staff are trained to replace pigtails safely. Consumer safety will not be compromised. In the absence of any evidence of a significant or systemic problem or risk that would require regulatory intervention, it should be the responsibility of home owners to ensure their installation is safe, through periodic inspection by a licensed gasfitter.

The amendments contained in this bill will make life a lot simpler for everyone who uses gas. Consumers will be able to go to just one agency—the Office of Fair Trading—for help when they need it. Gas network providers will gain clarity over the boundary of their responsibilities. Gasfitters and autogas mechanics will be working to standards set by just one agency—the Office of Fair Trading. The four government agencies that regulate different aspects of gas—Industry and Investment New South Wales, the Office of Fair Trading, the Roads and Traffic Authority, and the WorkCover Authority—will now have clear boundaries in their respective roles. It will be a simpler process to identify who should deal with issues as they arise. This bill is, yet again, evidence of the Government's drive to cut red tape. I commend the bill to the House.