



# NSW Legislative Assembly Hansard

## Pipelines Amendment Bill

Extract from NSW Legislative Assembly Hansard and Papers Wednesday 10 May 2006.

### Second Reading

**Mr JOSEPH TRIPODI** (Fairfield—Minister for Energy, Minister for Ports and Waterways, and Minister Assisting the Treasurer on Business and Economic Regulatory Reform) [9.48 p.m.]: I move:

That this bill be now read a second time.

I am pleased to introduce the Pipelines Amendment Bill, which simplifies licensing approvals for construction of pipelines under the Pipelines Act, which was introduced in 1967. It was designed to develop and regulate cross-country pipeline infrastructure to ensure the safe transportation of gas and liquid petroleum in New South Wales. In the past 39 years 29 pipeline licences have been issued and more than 5,000 kilometres of oil and gas transmission pipelines have been constructed. We now have 3,375 kilometres of high-pressure natural gas pipelines to supply the natural gas energy needs of New South Wales. Natural gas is supplied to many industrial and commercial operations, and more than 900,000 residential gas consumers.

Consumption of this environmentally friendly fuel is growing. This will continue to increase in the future as gas-fired electricity generation is built and consumer demand for low greenhouse gas emitting energy grows. The Pipelines Act contains relatively complicated and antiquated procedures for assessing the environmental impacts of the construction and operation of pipelines. This is because the original Pipelines Act was introduced well over a decade before the Environmental Planning and Assessment Act in 1979. For all these reasons, the Government is moving to streamline the process to make it faster and easier for pipeline infrastructure to be approved.

The existing multi-stage approval process of the Pipelines Act is time consuming and inefficient. Currently, anyone wishing to construct a pipeline under the Act must apply to the Minister for a permit to enter lands to determine the route of the proposed pipeline. Following amendments introduced to the Act after the commencement of environmental planning laws, an environmental assessment must be undertaken in accordance with part 5 of the Environmental Planning and Assessment Act. In addition, the Pipelines Act incorporates a basic land impact assessment by requiring consultation with Ministers of the Crown with portfolio interests in land matters before pipeline approvals can be granted. Only the holder of a permit may apply for a licence to construct and operate a pipeline. The licence is granted by the Governor on the recommendation of the Minister.

The bill amends the Pipelines Act to reduce the unnecessary red tape, the cost and complexity of these approvals processes, while at the same time improving the environmental assessment of major pipeline projects. The bill does not reduce the responsibility of the pipeline applicant to undertake fair and reasonable negotiations with landowners. The current criteria for land access will be continued without amendment. The requirement for compensation to be paid by the licensee in accordance with the Land Acquisition (Just Terms) Compensation Act also remains unchanged.

I will now address the elements of the bill in turn. Schedule 1 contains the amendments to the Pipelines Act. The bill amends section 5 of the Act to clarify the circumstances in which the Act applies. The scope and application of the Act is governed by section 5, which sets out the circumstances in which a person is not required to hold a pipeline licence. The Act provides that it does not require a person to hold a pipeline licence in respect of a pipeline constructed under an authority granted under another Act. The bill amends section 5 of the Act to clarify that pipelines granted development approval under the Environmental Planning and Assessment Act are not exempt from requiring a pipeline licence.

The bill also amends section 5 of the Act to specify that a person is not required to hold a pipeline licence in respect of a pipeline for the supply of water or the conveyance of waste water or mine water. This is because it is not necessary to regulate these pipelines for safety. However, any person may choose to apply for a pipeline licence for these types of pipelines if they wish to do so to facilitate the construction of the pipeline. Previously, pipelines for the conveyance of mine water were exempt from the operation of the Act by a proclamation made by the Governor and published in the *Government Gazette*. For ease of reference the bill incorporates the terms of the proclamation into the Act. To simplify and streamline the licensing process the bill repeals the obligation for a prospective licensee to obtain a permit to enter lands to determine the route of the proposed pipeline.

The entire permit stage is repealed by the bill. Environmental assessment and development approval will now be conducted under the Environmental Planning and Assessment Act in the same manner as with other major infrastructure projects. In repealing the permit stage, the voluntary authority to survey is reinforced to ensure

that pipeline proponents can investigate and determine possible routes for the proposed pipeline and undertake any necessary examination and testing. Under the amendments introduced by the bill the grant of an authority to survey will become subject to the Environmental Planning and Assessment Act. Obtaining an authority to survey will remain entirely voluntary.

With the repeal of the permit stage there will no longer be a requirement to seek the concurrence of other Ministers of the Crown prior to the grant of pipeline approvals. To ensure that relevant information is provided to public authorities with administrative responsibility over land that may be affected by a proposed pipeline, the bill establishes a requirement to notify prescribed public authorities of the licence application.

To further streamline pipeline approvals the bill transfers from the Governor to the Minister functions that are part of the day-to-day administration of the Act. The bill allows for the Minister to grant or cancel pipeline licences, vest easements, vary the licence area and to vary, suspend or exempt the licensee from any licence conditions. The Act currently requires a licence to be renewed at a maximum interval of 21 years. This was originally intended to allow for a regular review of the operation and safety of pipelines. This is no longer necessary as the current performance-based safety regime embodied in the pipelines regulation requires independent annual auditing and reporting on pipeline operations to the Government. The bill repeals the licence renewal provisions of the Pipelines Act, further reducing unnecessary complexity and cost to the licensee. Instead, a licence granted under the Act remains in force unless cancelled or suspended under the Act.

The bill will align the pipeline licensing regime with the planning reforms now implemented in the Environmental Planning and Assessment Act. The provisions of the Environmental Planning and Assessment Act will apply to pipeline approvals issued under the Pipelines Act. Environmental assessment of pipelines will be consistent with that applying to other major infrastructure projects. The bill will ensure that major pipeline projects are approved in a timely manner whilst ensuring that the environmental impacts of such projects are assessed and managed effectively.

To ensure that any changes to a pipeline that may impact on the environment are properly considered, variations to licence areas and licence conditions will become subject to the Environmental Planning and Assessment Act. The current provisions of the Pipelines Act exclude these activities from consideration under the Environmental Planning and Assessment Act. As part of the alignment of the Pipelines Act with the Environmental Planning and Assessment Act the bill will require any changes to the pipeline location or design during its life to be subject to development approval in the same manner as any other infrastructure.

Schedule 2 to the bill amends the Environmental Planning and Assessment Act so that approvals granted under that Act are consistently applied under the Pipelines Act. This completes the alignment of the Pipelines Act with the Environmental Planning and Assessment Act and ensures consistency between the two processes. The savings and transitional provisions of the bill ensure that pipeline proponents who have already commenced the approval process under the Pipelines Act are not disadvantaged by having to halt existing applications and reapply. Many of these projects are well advanced and it is important that they are not unnecessarily delayed. By simplifying and streamlining pipeline approvals, the proposed amendments will help facilitate the timely construction of major pipeline projects. I commend the bill to the House.