MINING AND PETROLEUM LEGISLATION AMENDMENT (GRANT OF COAL AND PETROLEUM PROSPECTING TITLES) BILL 2015
MINING AND PETROLEUM LEGISLATION AMENDMENT (LAND ACCESS ARBITRATION) BILL 2015
MINING AND PETROLEUM LEGISLATION AMENDMENT (HARMONISATION) BILL 2015

PROTECTION OF THE ENVIRONMENT OPERATIONS AMENDMENT (ENFORCEMENT OF GAS AND OTHER PETROLEUM LEGISLATION) BILL 2015

WORK HEALTH AND SAFETY (MINES AND PETROLEUM) LEGISLATION AMENDMENT (HARMONISATION) BILL 2015

Bills introduced on motion by Mr Anthony Roberts, read a first time and printed.

Second Reading

Mr ANTHONY ROBERTS (Lane Cove—Minister for Industry, Resources and Energy) [3.21 p.m.]: I move:

That these bills be now read a second time.

For too long, this State allowed an outdated and inefficient approach to allocating our resources, compliance and enforcement in the resources industry, and to the industry's interaction with the community. This has directly contributed to the loss of attractiveness of New South Wales as a preferred destination for resources investment, resulting in job losses and other associated benefits. It is clear that we need development of resources to provide jobs in regional areas, royalties to help pay for schools and hospitals for everyone in New South Wales, and secure, affordable energy to grow New South Wales. Most importantly, this outdated regulatory framework has seen a loss of community confidence in the industry. As opposition to the resources sector has grown, the regulatory regime has become overlapping and complex.

These bills are about overhauling the regulatory framework. We are rewriting the regulatory framework for where and how areas for coal and petroleum will be explored safely and competitively and to how land access agreements are negotiated. These bills ensure a fair, transparent and balanced approach to land use. It is vital that we strike a balance, to move New South Wales into the future and to support regional development, exports and royalties. These bills are built on over two years of evidence-based investigation and analysis and, most importantly, consultation.

In 2013 the Government commissioned the Chief Scientist and Engineer, Professor O'Kane, to undertake an independent review of coal seam gas. Professor O'Kane found that the technical challenges and risks posed by the coal seam gas industry can, in general, be managed. However, she noted that this management needs to occur within a clear, revised legislative framework. The framework needs to be supported by an effective and transparent reporting and compliance regime, and by drawing on appropriate expert advice. The NSW Gas Plan provided a comprehensive response in implementing these recommendations and setting out a path for the safe and sustainable development of an onshore gas industry.

The bills mark a major milestone in delivering the regulatory framework recommended by the Chief Scientist and Engineer. Within just 12 months the Government has implemented 15 of 17 actions committed under the NSW Gas Plan and is well progressed on delivering against the Chief Scientist's recommendations. The bills before the House deliver on core themes in the NSW Gas Plan, notably gas exploration on our terms, and strong and certain regulation. The bills are being introduced

together because they deliver an interlinked framework, each element dependent on the others to be effective. The new regulatory framework will take our resources industries responsibly and sustainably into the future. The five bills will implement recommendations from government and independent reviews that involved substantial consultation and opportunities for stakeholder input.

I remind the House of the work that has been done to date. First, the Chief Scientist and Engineer's final report of the Independent Review of Coal Seam Gas Activities in New South Wales drew on information from a large number of experts from around the world and extensive consultation took place with independent academic experts, national and international government agencies, the natural gas industry and service companies, wider industry, landholder groups and the broader community. The independently chaired Coal Exploration Steering Group looked at how best to reduce opportunities and incentives for corruption in the State's management of coal resources in response to recommendations by ICAC. The group undertook targeted workshops and public consultation on a new strategic release framework for coal exploration licences. In 2014 Mr Bret Walker, SC, undertook an examination of the land access arbitration framework. This review involved extensive consultation with landholders and industry.

The bills also support the Improved Management of Exploration Regulation [IMER]. IMER is a complete overhaul of New South Wales exploration regulation, with new streamlined rules across all types of exploration activities. IMER was developed through an extensive industry consultation process. It is now time to consider each of the bills in more detail. I turn, first, to the Mining and Petroleum Legislation Amendment (Grant of Coal and Petroleum Prospecting Titles) Bill. The bill resets coal and gas exploration in New South Wales on our terms, in line with the recommendations of the Independent Commission Against Corruption [ICAC] and the NSW Chief Scientist and Engineer, the Strategic Statement on New South Wales Coal, and the commitments made by the Coal Exploration Steering Group and in the NSW Gas Plan. It will offer greater transparency and restore confidence in the New South Wales coal and gas exploration sectors through the use of strategic release and competitive allocation of exploration licences.

Previously, gas exploration licences were awarded on a first in, first served basis. There was no transparency. Gas licences were handed out with no minimum standards required of applicants, resulting in 60 per cent of the State being covered by coal seam gas licences and applications. This Government has already taken action to reduce that 60 per cent to just 8.5 per cent of the State. This has been achieved through the highly successful petroleum exploration licence [PEL] buy-back scheme, resulting in 16 PELs being bought back and cancelled. In addition, legislation made in 2014 saw existing licence applications expunged. This action has allowed us to reset the framework for future gas and coal exploration in New South Wales. We will decide where gas and coal exploration takes place and who may explore there.

We are ensuring that our resources will be managed with strict requirements to meet the highest levels of financial and technical standards, underpinned by highly transparent processes. The bill makes the entire State a controlled release area for coal and petroleum. This means that coal and petroleum companies will not be able to apply for a title without the Government having first decided where and when it wishes to release areas for exploration. The bill includes controls around this process. Ahead of releasing areas for exploration the Government will undertake assessments of environmental, social and economic issues.

The bill also sets out that coal and petroleum prospecting titles must be allocated competitively. For public transparency, the bill requires the gazettal of a notice inviting applications for a released exploration area. Applications following an invitation are subject to the same information requirements as other titles, but the invitation can stipulate additional information. The notice will also set out the competitive selection process to be followed. Price will only be one of the factors considered in this

process. Commitment to exploration and work programs will also be a factor, giving the Government the tools to set a fit for purpose process for any strategic release.

Both financial and technical capability will be required to be considered, ensuring that only the best operators can obtain exploration licences. To inform any decision to release areas for exploration, an interagency advisory body will be established to provide advice to the Minister. The Advisory Body for Strategic Release will be independently chaired. The advisory body will consider an assessment of likely resources, a preliminary regional issues assessment, and stakeholder input to the regional issues assessment. The issues assessment will ensure that social, environmental and economic issues are considered upfront, before the Government releases an area for exploration. There will also be a streamlined competitive process for operational allocations. As ICAC recognised, there are limited circumstances where it makes sense for an existing coal operation to be able to acquire an exploration licence for adjacent land.

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This might be to support existing operations, for an addition to an existing mine, to extend the life of a mine, or to develop a better mine design. However these operational allocations will be capped.

The bill also provides that applications may be refused if there is enough interest from other parties to justify a competitive selection process. Draft operational allocation guidelines that set out how this limited process will operate in practice have been released for public comment. The possibility for operational allocations only applies to coal. In 2014 the Petroleum (Onshore) Amendment (NSW Gas Plan) Act expunged petroleum exploration licences and special prospecting authority applications. At the time, the Government made a commitment to those applicants who had their applications expunged. This bill confirms that commitment. Those applicants will have the first right to apply where new titles are released in the relevant area.

The bill also makes provision for Crown pre-competitive licences. These licences allow the Government to undertake limited exploration activities to build the Government's geological data and support assessment of future areas for release. The new strategic release framework implements recommendations of the Independent Commission Against Corruption and the Coal Exploration Steering Group that allocation of titles should be transparent and competitive. The bill also implements the New South Wales Government's commitment under the NSW Gas Plan to develop a new strategic release framework for gas, ensuring stakeholder issues are identified upfront in the process. From now on, New South Wales will have strategic, controlled release of areas for coal and petroleum exploration. And we will have a transparent, competitive selection process for exploration titles over new areas for both of these resources. This Government is very clear that the development of the coal and gas industries in New South Wales will, from now on, be on its terms.

The Mining and Petroleum Legislation Amendment (Land Access Arbitration) Bill 2015 is aimed at improving the balance between landholders and titleholders for access to land for exploration and production activities. The bill does three main things. It clarifies the rights of landholders, it provides a framework for the fair resolution of land access disputes, and it modernises provisions relating to title boundaries. The Petroleum (Onshore) Act 1991 already provides that exploration titleholders must have an access arrangement in place with landholders before commencing exploration activities. The bill provides that, for the first time, access arrangements must be in place between titleholders and landholders prior to commencement of petroleum production. As part of this, the bill makes it clear that landholders have a right to compensation for production activities, and it will be mandatory for compensation to be negotiated as part of the access arrangement.

The bill provides that separate land access codes may be developed for petroleum exploration and production and minerals exploration. These codes are to provide general guidance as to the process

for land access negotiations and conduct while accessing land to undertake activities. These codes may also set out mandatory minimum requirements to be included in land access arrangements, whether privately reached between the parties or arbitrated. These amendments will provide greater clarity to landholders about their rights and responsibilities in relation to petroleum exploration and production. Most land access arrangements at exploration are successfully negotiated between the landholders and titleholders without third party intervention. However, sometimes disputes arise and parties may need assistance to reach an agreement.

The second group of amendments sets out a detailed framework for the fair resolution of land access disputes. In 2014 the Government commissioned Mr Brett Walker, SC, to undertake an independent examination of the land access arbitration framework under the Mining Act and the Petroleum (Onshore) Act. The Government sought recommendations from Mr Walker on the governance arrangements for appointments of arbitrators, best practice arbitration processes, and the roles and responsibilities of the parties to an arbitration. Mr Walker found that the fundamentals for arbitration are sound. However, he said that improvements were needed to address weaknesses relating to transparency, accountability and consistency. Mr Walker made 31 recommendations, which the Government substantially endorsed. Implementation of these recommendations, referred to as the Walker recommendations, is an action under the NSW Gas Plan.

Key amendments to the arbitration framework to implement the Walker recommendations include: an obligation on both parties to negotiate in good faith; establishing a requirement and process for mediation as a first step in resolving land access disputes; providing a framework for payment of costs of dispute resolution; clarifying the definition of significant improvements, to assist parties negotiating arrangements; and establishing a more robust and transparent framework for appointing an arbitration panel. Addressing these amendments in more detail, parties are now required to enter into mediation if their own negotiations are unsuccessful. This provides parties with a further opportunity to reach their own settlement before a more determinative process is triggered. They proceed to arbitration only when neither negotiation nor mediation has been successful.

Parties to mediation and arbitration now have an express right to legal representation, and the arbitrator has an express right to undertake a site inspection, either as part of mediation or arbitration. Parties are obliged to act in good faith throughout this process. Landholders reasonable costs incurred in the negotiation, mediation and arbitration of access arrangements will be met by titleholders. To avoid these costs becoming uncontrollable, they will be capped. Titleholders will also be required to meet the reasonable costs of landholder participation in Land and Environment Court proceedings. Particular attention is to be drawn to the amendments proposed in relation to "significant improvements". Disputes over significant improvements are recognised as one of the reasons that arbitrations over land access occur.

The bill amends the definition of "a significant improvement" in both Acts by replacing the existing, exhaustive list of features with non-prescriptive, non-exhaustive criteria. The legislation builds on the existing right of a party to take a significant improvement matter to the Land and Environment Court for determination. A party can consider whether or not to apply to the court to take the entire access arrangement to the court to be determined, if an arrangement has not otherwise been reached. Amendments will be made to the Mining Act to establish a more robust and transparent framework that the Government must follow in its appointment of arbitrators to the Arbitration Panel. Measures introduced include: the establishment of rigorous selection criteria; the imposition of a limit on a single term of appointment, which will be set at three years; and the disclosure of potential conflicts of interest and bias by panel arbitrators.

The department can also impose requirements for ongoing training for, and assessment of, panel arbitrators. The Government will also be required to maintain a publicly available register of the details

of each member of the Arbitration Panel. This will build public and stakeholder confidence that the appointment process is fair and at arms-length. It will also ensure that the arbitrators retained on this panel are of the highest calibre. All arbitrated arrangements, whether arbitrated privately or through the Arbitration Panel, will be published. This will greatly improve public transparency and will promote a greater understanding of, and confidence in, the process of reaching an access arrangement and the matters that are negotiated. The improved dispute resolution framework will be supported by arbitration procedures, which will be publicly available.

These amendments are designed to help level the playing field between landholders and titleholders in reaching access arrangements and ensure that parties, particularly landholders, can more confidently participate and engage in the negotiation and arbitration of land access arrangements. The third and final group of reforms introduced by the land access bill includes amendments to bring the provisions relating to gas title boundaries in New South Wales in line with government policy. The bill seeks to rationalise the land under petroleum exploration licence by providing that petroleum exploration licence areas that currently overlap with national parks will be extinguished and decision makers will have an express power to renew an exploration licence over an area of land that is smaller than the area applied for.

The amendments will clarify that boundaries of titles may be drawn in "free-form" and are not restricted to rectangular blocks. This will provide flexibility for boundaries to be drawn around natural features in the land, to better reflect the actual area where activities are undertaken. In addition, this clarification ensures that titles that overlay national parks can be redrawn to excise national parks from the title areas. These measures will ensure both that the coverage of gas exploration licences across New South Wales is reduced while key environmental areas remain protected.

The bill also streamlines processes for undertaking seismic exploration activity on public roads. In addition, the bill extends landholder immunity to ensure landholders are not liable for injuries sustained by third parties entering onto land in relation to exploration or production activities under the authority of other legislation. The bill addresses actual and perceived imbalances in power, knowledge and experience between participants in the negotiation of access arrangements. It provides greater guidance around key areas of conflict, facilitating efficient resolution of disputes. It also provides additional protections to landholders in these processes.

In relation to the Mining and Petroleum Legislation Amendment (Harmonisation) Bill 2015, the Chief Scientist made an important recommendation in her review, that is, that onshore subsurface resources in New South Wales should be regulated under a single Act. As a first step towards this goal, the Government will today bring the Mining Act and the Petroleum (Onshore) Act into much closer alignment. While the proposed changes are extensive, they will not impose an additional administrative burden on industry. In many cases they will streamline existing administrative arrangements. Importantly, they will provide greater legal certainty around current industry practices.

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The amendments relate particularly to two important regulatory areas: the administration of titles, and compliance and enforcement. Let us consider first the administration of titles.

The bill sets out consistent requirements for the administration of exploration, assessment and production titles across all resources types. This includes guidance as to the grounds for determination of applications for grant, renewal or transfer of titles. This will ensure that industry and the community are aware of the standards that must be met for an application to be granted. The standards will include the new minimum technical, financial and work program standards and the applicant's compliance history. The bill consolidates powers to impose conditions on titles into one section. The legislation will now list seven categories of conditions. These categories align with the

objects of the Act and include protection of the environment, rehabilitation of land and water, ensuring public safety, compliance, administration, and community relations. Conditions may be imposed by regulation or on a title instrument.

The bill also provides for codes of practice to be prescribed by regulation and for compliance with such codes to become a condition of every title. There will be a transition period before codes of practice are prescribed in this way. Conditions may be varied during the life of a title, which will support implementation of the Improved Management of Exploration Regulation. To ensure the process is fair, the legislation requires consultation with titleholders before varying conditions. Conditions imposed by regulation can be changed only following a public exhibition and consultation process.

A key amendment is the introduction in the bill of a statutory requirement for a titleholder to obtain an "activity approval" to undertake exploration activities that are not exempt development under the planning framework. This has previously been a condition of exploration licences. However, the bill makes the process of applying for and determining activity approvals more transparent. An activity approval may be subject to its own terms. A breach of an activity approval will be subject to compliance action proportionate to the breach. These amendments will be introduced into both the Mining Act and the Petroleum (Onshore) Act and will establish consistent, clear and transparent requirements for titles applications and assessments.

Currently, the two Acts have considerably different compliance and enforcement powers. The bill will harmonise these provisions and deliver on the gas plan commitment for best practice regulation of the industry. The amendments include penalty infringement notices for a wider range of offences, enhanced direction powers, a new prohibition notice for illegal exploration and mining activities, and the introduction of enforceable undertakings. These changes mean that compliance action can be proportional to the scale of the offence and the circumstances of each case. The new legislative framework will provide industry with incentives to adopt best practices in line with the principles of risk-based regulation.

The Petroleum (Onshore) Act currently has limited inspectors' powers. The inspectors' powers in the Mining Act are modelled on those of the Protection of the Environment Operations Act. The bill therefore provides for these more robust powers to be included in the Petroleum (Onshore) Act, so aligning the two Acts. With these new powers, inspectors working under either Act will be able to use the new information-sharing provisions to gather sufficient information from other agencies to support compliance action. A further amendment will enable this Government to support, through legislation, another commitment under the gas plan: provisions to facilitate the establishment of a Community Benefits Fund framework.

We recognise that communities can be impacted by gas development, often beyond the impact of the development site itself. Communities who host gas exploration and production should also enjoy benefits in line with the economic contribution the project will make to the State. Fund contributions will come from both gas companies and this Government. It will provide for local projects in communities where gas exploration and production occur. The legislation will facilitate establishment of the Community Benefits Fund framework, and the details will be spelled out in the Petroleum (Onshore) Regulation. The legislation will also include a regulation-making power to provide for beneficial use of gas extracted during exploration activities. This will be strictly limited, and will ensure precious resources are not wasted through flaring.

Continuing with the theme of harmonisation, I turn now to the fourth bill: the Work Health and Safety (Mines and Petroleum) Legislation Amendment (Harmonisation) Bill 2015. The petroleum sector is currently subject to the broad requirements of the Work Health and Safety Act 2011. Specific

petroleum safety regulation relies on the 1992 schedule of Onshore Petroleum Exploration and Production Safety Requirements. The schedule is dated and does not include the framework of broader duties and proactive regulatory oversight of the Work Health and Safety (Mines) Act framework. Today we align regulation of safety for the petroleum industry in New South Wales with the work health and safety framework that already applies across the rest of the resources sector. Accordingly, the Work Health and Safety (Mines) Act 2013 will become the Work Health and Safety (Mines and Petroleum) Act.

The Work Health and Safety (Mines) Act 2013 provides a robust framework for mine safety. It is based on a modern risk-based and outcomes-focused regulatory system. This modern approach has reduced both red tape and the regulatory burden on the industry. The bill extends this framework to the onshore petroleum industry. In doing so, it raises the standards of work health and safety for onshore petroleum operations to be consistent with the minerals sector. Crucially, it makes provision for risk controls for the specific risks of the petroleum industry. As well, the bill makes other amendments to ensure that the Work Health and Safety (Mines) Act operates as intended.

Importantly, the bill completes the harmonisation of the work health and safety legislative framework for the resources sector. The bill clarifies the places and activities to which the Work Health and Safety (Mines) Act applies or does not apply for petroleum sites and operations. The bill also addresses activities carried out at a site adjoining a mine or petroleum site or at a site in the vicinity. It ensures that these activities will be covered by the legislation only when they are carried out in connection with mining or petroleum activities at the mine or petroleum site. Currently, regulation of petroleum work health and safety is targeted at the petroleum titleholder. This ignores the fact that petroleum sites are typically managed and controlled by other entities. From now, the duties framework will also apply to the petroleum operator, workers, contractors and occupiers of work premises.

The Work Health and Safety (Mines) Act imposes a duty to give notice to the regulator of notifiable incidents. This duty is to be extended to petroleum operations. Further amendments will also make quite clear when a person is required to give written notice of a notifiable incident. Further amendments include petroleum in the boards of inquiry of all matters that may affect work health and safety. The provisions in the Work Health and Safety (Mines) Act on statutory bodies will be extended to ensure that relevant and appropriate statutory bodies apply to petroleum—for example, the Mining Competence Board.

I referred earlier to amendments to clarify provisions relating to the definition of "regulator". The first of these will ensure that the Department of Industry, SafeWork NSW and those appointed under the Work Health and Safety (Mines) Act and the Work Health and Safety Act 2011 all have jurisdiction in any workplace in New South Wales. This change will negate any potential challenges on technical grounds to the jurisdiction of the Department of Industry and SafeWork NSW in regulating work health and safety.

The second amendment in this group clarifies the activities and places to which the Work Health and Safety (Mines) Act applies. A definition of "local site" will identify those places that are applicable and within the jurisdiction of the Work Health and Safety (Mines) Act. As well, the definition of mining and petroleum operations and activities will include activities connected to mining, activities prescribed by regulation, or activities specified by the responsible Minister. All government officials appointed under the Work Health and Safety (Mines and Petroleum) Act will have the power to reopen or release a preserved incident site. Currently, only an inspector can do so. The amendment will enable other appropriate officials to release a preserved site and reduce any unnecessary regulatory burden.

"Incident site" has also been defined to remove any ambiguity as these provisions will apply to

petroleum sites as well as mines. The bill also provides for the regulator to appoint a consultant employed by a public authority—not just an officer or an employee—as a government official. This appointment might be to the position of inspector, mine safety officer or investigator. The provision will allow for a person with particular expertise to be employed for a specific purpose, and potentially for a specified amount of time.

It is a proud moment to be able to complete the health and safety regulatory framework for all New South Wales onshore resources industries. The amendments in the Work Health and Safety (Mines and Petroleum) Legislation Amendment (Harmonisation) Bill will harmonise the regulatory approach to safety across all our resources sectors. The bill will further ensure that the safety legislation operates as intended and will contribute greatly to the protection of the health and safety of people working in the industry.

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Lastly, I turn to the Protection of the Environment Operations Amendment (Enforcement of Gas and Other Petroleum Legislation) Bill 2015. This bill makes it clear that this Government will ensure that there is effective and transparent regulatory oversight of gas activities across New South Wales. The NSW Gas Plan accepted all 16 recommendations of the Chief Scientist and Engineer. A key feature of the NSW Gas Plan was to announce the NSW Environment Protection Authority [EPA] as the lead regulator for compliance and enforcement of all gas exploration and production activities in the State.

All gas activities are currently subject to environment protection licences issued by the EPA, which impose strict site-specific controls that are legally enforceable. This bill provides additional statutory powers for the EPA to undertake compliance with and enforcement of all conditions of consent, except with respect to work health and safety. This includes all approvals issued by other agencies to the gas industry. The report of the Chief Scientist and Engineer is clear that the risks of gas development can be managed effectively with the right regulation and through the separation of the process for allocation of rights from the regulation of the activities undertaken, and that a single independent regulator should undertake that role.

On 1 July 2015 the EPA became responsible for compliance and enforcement of all conditions of approvals for gas activities in New South Wales, excluding work health and safety issues. These conditions form the strict controls with which industry must comply. Currently, to undertake its expanded role the EPA is operating under delegations and authorisations provided by the other relevant agencies. The EPA is also working closely with these consent authorities to regulate all gas activities. However, in order to fully empower the EPA in its new role, statutory provisions must be provided. Therefore, this bill is an important amendment to the Protection of the Environment Operations [POEO] Act that will provide the EPA as the lead regulator of gas activities with appropriate statutory powers to effectively regulate those activities.

The bill will provide a clear and transparent framework for all stakeholders. Having the EPA lead compliance with and enforcement of gas activities in New South Wales provides individuals and communities with one place to go to report potential pollution incidents and breaches of title, regulations or law. As lead regulator, the EPA will lead all communications on regulatory action in relation to a gas activity, including investigations, findings and regulatory outcomes. For any non-work health and safety issues, the EPA will make an independent determination of the appropriate regulatory response for any noncompliance, ensuring a streamlined and consistent approach to regulating gas activities. Having the EPA make an independent regulatory decision delivers another of the recommendations of the NSW Chief Scientist and Engineer by separating the approval authority from the regulatory authority. The bill will, however, allow the EPA to seamlessly undertake regulatory actions for enforcement and compliance under other gas-related legislation. This will provide greater regulatory clarity for industry and the community, consistent with the NSW Gas Plan.

The bill allows the EPA to exercise the powers outlined in chapter 7 of the POEO Act. These powers allow the EPA to conduct investigations and apply relevant provisions to the broader petroleum industry. The bill extends the EPA's existing powers to cover compliance and enforcement of petroleum activities that are broader than the EPA's traditional environmental focus. No new powers are proposed. Chapter 7 investigation powers are a well-understood framework currently used by the EPA for investigating POEO Act related matters. Applying these powers to all gas activities is a sensible and practical approach for the effective regulation of the gas extraction industry.

Continuing with the seamless regulation of gas activities, the bill also includes a provision that applies part 8.2 of the POEO Act, which deals with proceedings for offences and penalty notices, to petroleum offences. The bill also applies part 8.3 of the POEO Act, which deals with court orders in connection with offences, to petroleum offences. Essentially, this regime allows the EPA to commence proceedings for petroleum offences under the POEO Act, as well as allowing the EPA to issue penalty notices. However, the amount of any penalty notice is set by the parent legislation and is not set by this bill. The bill does not change the existing penalty amounts in the POEO Act or other Acts. Applying a well-established legislative framework will allow the EPA to continue to undertake high-quality compliance and enforcement activities in a seamless and efficient manner.

The bill also extends the use of enforceable undertakings as a regulatory tool for the regulation of all gas activities. When a breach of the Act occurs, a number of options are available to the EPA, including prosecution, penalty notices and formal warnings. Another option is an enforceable undertaking, which provides a flexible administrative action where there has been a serious breach of legislation. Under the POEO Act, the EPA is able to accept a written undertaking by a company or individual to take action to deal with an actual or potential breach. The EPA's ability to accept enforceable undertakings enhances its enforcement capability for achieving environmental improvements, which are enforceable through the NSW Land and Environment Court. The EPA may also accept an undertaking to carry out a restorative justice activity in a community. This amendment will therefore allow the EPA to have a civil action tool option available when regulating gas activities.

The bill also extends other provisions of the POEO Act to encompass the gas industry. The provisions include: the use of environment protection notices under chapter 4 of the POEO Act; the use of mandatory environmental audit powers under chapter 6 of the POEO Act where the EPA reasonably suspects a petroleum offence has been committed and that the offence has caused, is causing or is likely to cause harm to the environment—or where the EPA reasonably suspects a petroleum activity is not being carried out in accordance with good environmental and engineering practice and any applicable work program to which it is subject— appeal rights that will be available to proponents aggrieved by any decision consistent with current appeal processes; and the use of voluntary audit provisions under chapter 6 of the POEO Act for a company that wishes to undertake a voluntary audit in order to assess in detail a particular aspect of its operation.

This bill applies to pre-existing petroleum authorities—that is, those issued prior to 1 July 2015. This allows for any existing conditions in force prior to 1 July 2015 to be regulated effectively by the EPA and delivers the Government's commitment to establish a single lead regulator. This ensures that companies and the community have a one-stop shop in relation to compliance and enforcement matters for the gas industry. The EPA is leading the development of a compliance statement that will set out how the new regulatory framework is to be implemented. The compliance statement will sit with the memorandum of understanding that stipulates how government agencies will work together in this regard, and the EPA's Compliance Policy and Prosecution Guidelines.

The Government recognises that there are currently inconsistencies between conditions in existing petroleum authorities, and a review will be commenced to resolve this issue so that both the industry

and the community can have clarity and confidence in the relationship between the activity approval and the regulatory controls that are in place. This bill also facilitates the exchange of information between the agencies for the administration of gas approvals. It reiterates the process and importance of government agencies working collaboratively, ensuring relevant information is shared amongst agencies and inter-government assistance is provided where appropriate.

By way of conclusion, this bill is an important amendment that confirms and enables the EPA's role as lead regulator for all gas activities across New South Wales. The EPA is already the primary environmental regulator for New South Wales, protecting the environment by regulating activities that could have an impact on the health of the New South Wales environment and its people. The EPA is an accountable, modern and credible regulator with powers under the POEO Act that are well established, clear and transparent. By applying the POEO Act powers to all relevant gas-related legislation, it will allow the EPA to continue to function as a credible regulator and ensure proper regulation of the gas industry.

In conclusion, the five bills introduced today mark a major shift in the regulation of the resources industry in New South Wales. It is a shift towards a consistent framework across resources. It is a shift towards certainty, clarity and transparency. And it is a shift towards balancing the rights and obligations of all partners in the development of New South Wales resources, including landholders, the community, the industry and government. These five bills work together to set out a new framework for operating in New South Wales, from the strategic assessment and allocation of areas for exploration through to fair negotiations with landholders and ensuring compliance with higher operating standards.

These bills are the culmination of intense efforts by this Government to deliver on its commitments to the people of New South Wales. In less than a year since the NSW Gas Plan was released we have delivered on 15 of our 17 commitments. We have fully delivered on our commitments to implement the legislative reform aspects of the Walker report. We have made substantial progress in implementing our commitments on the report of the Chief Scientist and Engineer. We have delivered our commitments in relation to the Independent Commission Against Corruption [ICAC] report. These bills will place New South Wales at the forefront of the regulation of resources development, encouraging a sustainable industry that will deliver secure, affordable energy for households and industries across the State. I commend the bills to the House.

Debate adjourned on motion by Mr Clayton Barr and set down as an order of the day for a future day.