

[Redacted] Submission to Petroleum Regulatory Impact Statement

September 2021

1. Introduction

The Department of Jobs, Precincts and Regions is seeking feedback on the Petroleum Regulatory Impact Statement. The following documents have been prepared for consultation:

- Proposed Petroleum Regulations - Regulatory Impact Statement;
- Draft Petroleum Regulations; and
- Code of Practice for the construction, operation and decommissioning of petroleum wells in Victoria.

Submissions on the proposed changes are required by 3 September 2021. However, **[Redacted]** has been given an extension until **[Redacted]** to make a submission to allow **[Redacted]** consideration of the submission at the **[Redacted]**.

[Redacted] 's submission focuses on:

- Community Consultation;
- Consideration of Environmental, Social and Economic effects;
- Royalties; and
- Further work that needs to be undertaken in the industry outside of this review.

We have not focussed on the Code of Practice for the construction, operation and decommissioning of petroleum wells in Victoria as we do not believe we have the technical expertise to be able to assess this document.

2. Submission

3.1 Community Consultation

As part of the Petroleum Legislation Amendment Act 2020, there have been changes to the legislation that requires increased community consultation to be undertaken in relation to retention leases, production licenses and operational plans.

The updated regulations have been drafted with these changes in mind.

3.1.1 Retention Leases and Production Licenses

The Petroleum Legislation Amendment Act 2020 (the Act) requires notice to be given for any application for either a retention lease or a production license and that notice of the application be published: *(a) in a newspaper circulating generally in Victoria; and (b) on an Internet site maintained by the applicant.*

The Act also details what the notice must contain. The Act is not part of the information that is out for community engagement.

In addition to specific inclusions, the Act also requires the notice to contain any prescribed information. The draft Petroleum Regulations then set out a number of further inclusions in that basis. However, it does not which provide further specifics on community engagement, including details of the extent to be given.

The Regulations should be amended to provide for required reasonable steps to bring the notice to the attention of local community members, stakeholders, landowners etc and mandate appropriate community engagement to be undertaken on the proposals. Limiting notice to a newspaper and an internet site maintained by the applicant is unlikely to ensure that a sufficient number of members of the community and other affected persons are reached. Any advertising should also be undertaken in the local newspapers as well.

There should also be a requirement with the regulations for the applicant to provide detail on how it intends to engage with the community and for this to be approved by the Department. Alternatively, guidelines should be developed which detail how the applicant should undertake engagement in these situations to ensure that this is done in an appropriate and consistent manner.

[Redacted] believes that extensive community engagement at this early stage of the process is important. This is where the community have an opportunity to not only say whether they support or oppose the lease or license but to inform other aspects such as risk and impacts from a community perspective.

3.1.2 Operational Plans

Notice requirements for operational plans include a summary of environmental, social and public safety risks and impacts, together with rehabilitation measures and community consultation intentions. The community are likely to want to see more detail. Depending on contents, summaries might not provide all relevant information and may be insufficient for community members to be able to make informed and considered submissions in response to the notice. It is suggested more detailed information requirements be included or be accessible on request, although balanced against avoiding disclosure of operational information that is not be appropriate for public release.

Community Consultation throughout the life of the petroleum operation is built into the Operational Plan via the Environment Protection Plan. There are more specifics in the Act and Regulations about direct notice to affected

parties and stakeholders. We believe however, that guidelines should be prepared about what 'appropriate consultation' is. This would ensure consistency, ensure that consultation is undertaken appropriately and ensure that all requirements are met.

3.2 Consideration of Environmental, Social and Economic Effects

3.2.1 Exploration Permits, Retention Leases and Production Licenses

Further details are required in the regulations around addressing the Environmental, Social and Economic effects. Under the proposed regulations, applications for exploration permits, retention and production licenses require details of likely economic, social and environmental risks / impacts the extent to which those risks / impacts can be managed and how the applicant proposes to do so. However, there is no requirement for the applicant to provide the methodology used in making these assessments such that it potentially cannot be ascertained whether appropriate investigation was undertaken to determine what risks / impacts actually exist and whether each is likely. It is proposed that the regulations should be amended to include the requirement to show the methodology for this assessment, to ensure the information provided on risks / impacts and their management is adequate and reliable.

3.2.2 Operational Plans

In relation to operational plans and the draft regulations, we do not believe there is adequate consideration of the social, economic and environmental factors and propose the following changes:

- Including a statement about links to other legislation e.g. an acknowledgment that an assessment of rare and threatened species will be required;
- Update to what the Minister must consider in approving a plan / variation to include consideration of the appropriateness of the Environment Management Plan environmental performance objectives and standards, along with the related forms of measurement. Currently the regulations require the Minister to consider, in determining whether to approve the operation plan, whether they are satisfied effective rehabilitation measures will be implemented, that the authority will engage in effective consultation throughout the operation, whether the key risks and impacts have been identified and that they will be adequately mitigated. The Environment Management Plan environmental performance objectives and standards, and the measurement to determine those are met, go beyond just 'risks and impacts', but are an important part of the plan.
- Including in the Minister's consideration whether the intended methods for monitoring, record keeping and reporting arrangements in the Environmental Management Plan are adequate.
- Include in the Ministers consideration the impact on health of individuals and community.

We believe altering the regulations for these inclusions will ensure a well-rounded consideration of all relevant information and best ensure that the operation plan is properly planned from the beginning.

3.3 Royalties

[Redacted] requests any royalties collected by the State Government in relation to these operations be spent in the area generally surrounding the activity. This is an expectation of the local community and more than reasonable.

3.4 Relief on Gas Prices for Large Scale Business

Whilst this does not form part of the information which is currently available out for engagement [Redacted] has concerns about the current gas prices and effect this will have on large employers within the Region. Therefore, we request further information as to what is to be done to support the reduction of gas prices and the potential relief for large business through other programs. Access to new gas fields should result in cheaper prices for local industry, what is the guarantee around this.

3.0 Conclusion

[Redacted] are generally supportive of the proposed changes to the Petroleum Regulations. However, we have identified several changes required to the proposed regulations, including:

- Updates to the regulations to ensure more specific requirements around community consultation, including information to be made available;
- Drafting community consultation guidelines to ensure consistency between applicants and appropriate engagement is undertaken;
- Further requirements on environmental, social and economic effects in operation plans. In particular, considerations around environmental effects should be increased.
- Consideration of the spending of royalties.

[Redacted] also encourages the government to undertake further work on securing lower gas prices or incentives for lower gas prices for large scale business to ensure their operations in the future.