



⚡PETROLEUM: Certificates of fitness and verification schemes for offshore installations

These guidelines cover Part 5 of the Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016 that applies to permit operators of offshore production installations and drilling contractors of non-production offshore installations

MARCH 2017

These interpretive guidelines explain the regulations associated with certificates of fitness and verification schemes under the Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016.

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01/

INTRODUCTION

If you are a permit operator of an offshore production installation or a drilling contractor of a non-production offshore installation, you must have a current certificate of fitness for the installation, unless you have a recognised verification scheme.

A current certificate of fitness (or recognised verification scheme) is required for the installation's operational life cycle. The certificate of fitness demonstrates the installation's structure, and all equipment necessary for its safe operation are:

- > appropriately designed
- > in good working order
- > in a good state of repair.

Inspection bodies carry out the certification process primarily to make sure the installation is safe for workers and others on or near the offshore installation.

A recognised verification scheme applies to a single offshore installation and is an alternative to a certificate of fitness. A verification scheme demonstrates that all safety-critical elements of an installation are documented, suitable, in good working order and in a good state of repair. Failure to implement, give effect to, and review a recognised verification scheme for an operating offshore installation, are offences under the Regulations.

1.1 Focus of guidelines

Table 1 shows the specific regulations covered in these interpretive guidelines.

PART OF REGULATIONS	REGULATION NUMBER	REGULATION HEADING
Part 5: Certificates of fitness and verification schemes for offshore installations	40	Duty to ensure installation has compliant certificate of fitness
	41	When installation treated as no longer complying with certificate of fitness
	46	Inspection body must carry out inspections and issue certificates of fitness
	47	Meaning of verification scheme
	48	Duty to develop verification scheme
	49	WorkSafe may recognise verification schemes
	50	Implementation of verification scheme
	51	Withdrawal of recognition of verification scheme
	52	Duty to keep verification scheme under review
	53	Duty to ensure verification scheme given continuous effect
	54	Duty to keep record of verification scheme

Table 1: Regulations covered in these guidelines

1.2 How to use this document

Table 2 shows the layout of these interpretive guidelines and explains what the colours signify.

REGULATION	<i>As they appear in the Regulations.</i>
GUIDANCE	As WorkSafe interprets the regulations.
	Examples and more information.

Table 2: Layout of guidelines

1.3 Overview of the certification process

Issuing a certificate of fitness completes a process involving an accreditation body, WorkSafe New Zealand (WorkSafe) and an inspection body. Figure 1 presents an overview of these relationships:

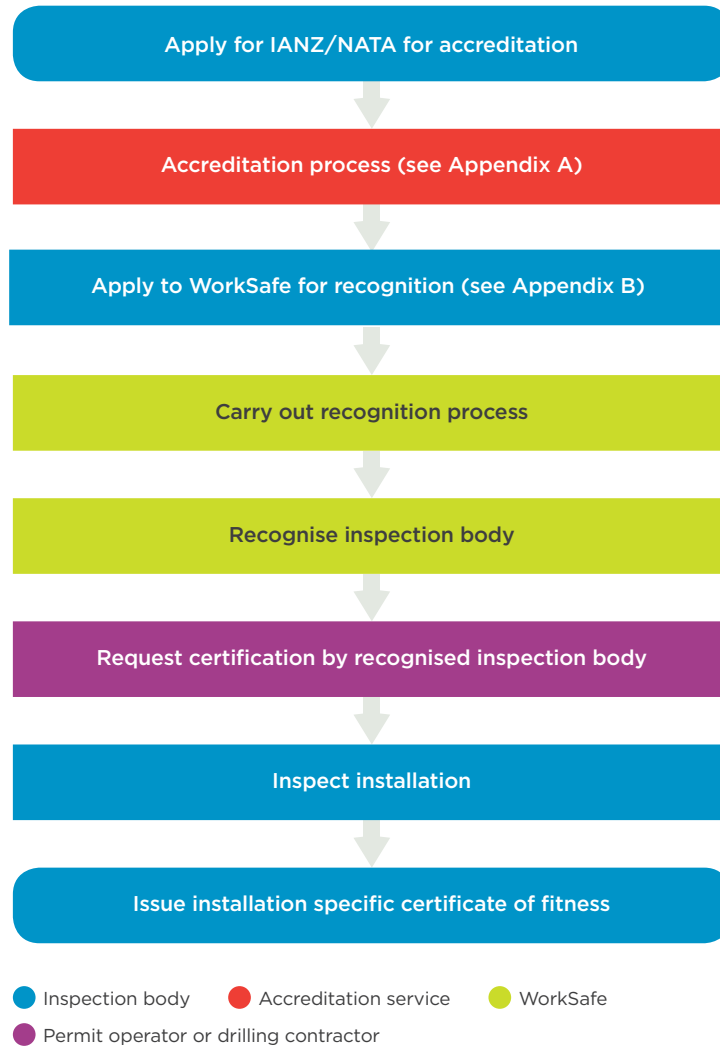


Figure 1: Certification process

1.4 Overview of a verification scheme

Recognition of a verification scheme completes a process that involves you, an independent and competent person, and WorkSafe. Figure 2 shows this relationship.

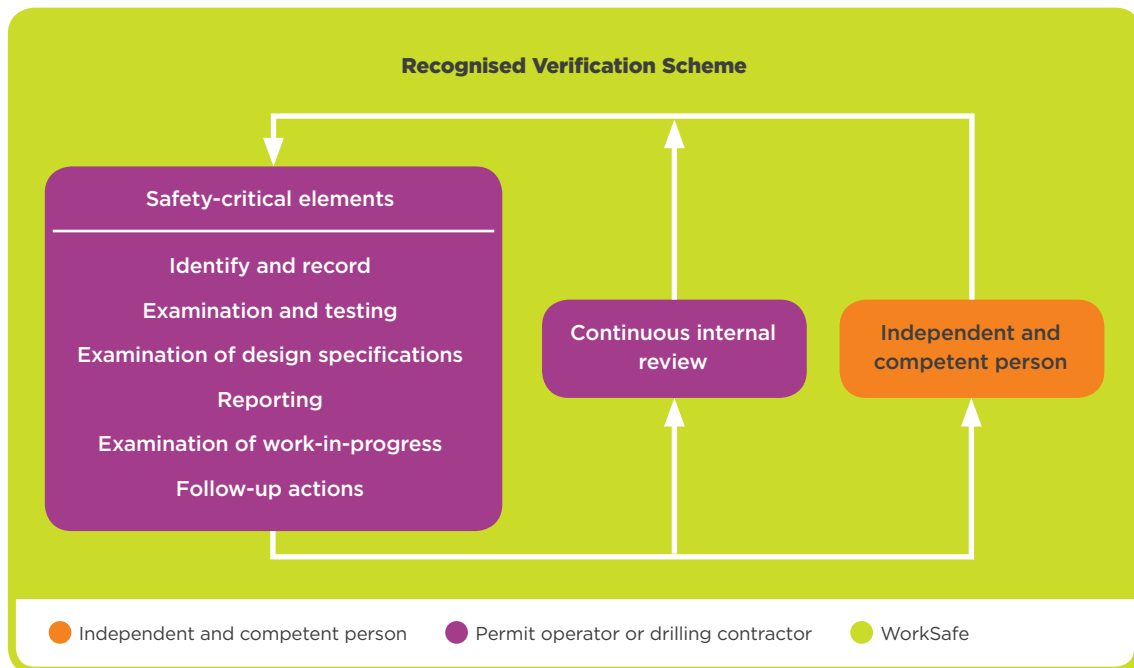


Figure 2: Overview of a recognised verification scheme

1.5 Your role as the permit operator (or drilling contractor)

You must have a current certificate of fitness at all times during the installation's operational lifecycle, unless you have a recognised verification scheme.

You are responsible for engaging a recognised inspection body to issue a certificate of fitness for the installation.

The certificate of fitness may also form part of the safety case's supporting documentation.

For a verification scheme you are responsible for:

- > developing a verification scheme
- > implementing and giving effect to the recognised verification scheme
- > reviewing the recognised verification scheme, as required
- > engaging an independent and competent person as part of verification scheme and review
- > keeping and retaining records about the verification scheme's development and review.

You must be able to demonstrate you have engaged an appropriate independent and competent person, including the principles you applied when selecting that person to perform functions under the verification scheme (Schedule 7, clause 1).

1.6 Independent and competent person

The Regulations define 'independent' in regulation 4 and 'competent person' in regulation 3.

Anyone verifying safety-critical elements should have appropriate industry background and be able to demonstrate competence in the safety-critical element they are verifying.

Verification may be carried out in-house or by a third party. However, it is important that those doing it are impartial and independent from financial or operational pressure which could affect sound judgement. In-house independent and competent people should not verify their own work, and their management lines should be separate from those whose work they are checking.

1.7 WorkSafe's role

WorkSafe New Zealand's (WorkSafe) role as the Regulator under Part 5 of the Regulations is to consider recognising a submitted verification scheme and recognising inspection bodies. For more information on WorkSafe's process for recognising an inspection body see Appendix B: WorkSafe's recognition of inspection bodies.

There should be a clear link between the safety-critical elements in the verification scheme and those described in the safety case.

1.8 The role of the inspection body and accreditation service

Recognised and accredited inspection bodies can inspect aspects of installations and issue certificates of fitness. They can issue certificates of fitness that last for a maximum of five years.

WorkSafe can only recognise inspection bodies accredited by International Accreditation New Zealand (IANZ) on behalf of the Testing Laboratory Registration Council or by the National Association of Testing Authorities, Australia (NATA). IANZ and NATA require compliance with *AS/NZS ISO/IEC 17020 Conformity assessment - Requirements for the operation of various types of bodies performing inspection*.

A recognised inspection body must:

- > maintain their accreditation status with IANZ/NATA
- > carry out inspections of structures and equipment to determine their safety in accordance with generally accepted and appropriate industry practice
- > have access to the expertise necessary to inspect all the relevant aspects of an installation in order to issue a certificate of fitness
- > inform IANZ/NATA of any significant changes to make sure the requirements of accreditation are being met
- > issue certificates of fitness in an appropriate format as specified in Schedule 6
- > comply with any conditions of recognition prescribed by WorkSafe by notice in the Gazette.

The New Zealand *Gazette* is available at: gazette.govt.nz

02/

**CERTIFICATES
OF FITNESS**

This section applies to you if you are a permit operator of an offshore production installation, or a drilling contractor of a non-production offshore installation.

2.1 Inspection body must carry out inspections and issue certificates of fitness

REGULATION

Regulation 46

- (1) *An inspection body must—*
- (a) *carry out any inspections or examinations of installations, and equipment fixed to or associated with installations, that may be necessary to determine the safety of the installations and equipment; and*
 - (b) *issue, in accordance with subclause (2), certificates of fitness in respect of the safety of—*
 - (i) *the structure of an installation; and*
 - (ii) *equipment fixed to the structure; and*
 - (iii) *other equipment necessary for the safe operation of an installation.*
- (2) *Before issuing a certificate of fitness under subclause (1) (b), the inspection body must be satisfied that all parts of the installation or equipment described in the certificate have been designed, constructed, maintained, suspended or abandoned in accordance with generally accepted and appropriate industry practice.*
- (3) *A certificate of fitness must be in the form set out in Schedule 6 and contain the date of its expiry, which must not be later than 5 years from the date of issue of the certificate.*

GUIDANCE

YOUR RESPONSIBILITIES

Before you start operating the installation, you must engage a WorkSafe-recognised inspection body to carry out an inspection and issue a certificate of fitness for the installation.

You must not operate any process involving the installation's structure or necessary equipment that does not comply with that certificate of fitness.

IANZ/NATA designate inspection body signatories in the accreditation certificate.

A certificate of fitness is only valid when it has been signed by a designated signatory.

For more information on recognised inspection bodies and their accreditation process see:

- > Appendix A: Accreditation process
- > Appendix B: WorkSafe's recognition of inspection bodies

THE CERTIFICATE OF FITNESS

Schedule 6 of the Regulations contains the format the certificate of fitness must take. The inspection body must include all the details in Schedule 6 on the certificate of fitness, including:

- > describing the inspected parts of the installation
- > any codes of practice or standards relevant to the inspection
- > any limitation on operating any inspected parts
- > the expiry date of the certificate of fitness (which must be a maximum of five years from the date of issue).

Similar detail is required for any structure or equipment given limitations or conditions.

Inspection bodies should include their IANZ/NATA endorsement on their certificates of fitness in accordance with the accreditation body's rules for endorsement.

THE ROLE OF THE SAFETY CASE IN INSPECTIONS

Planning and scheduling adequate inspections is essential. Inspection bodies will use your safety case as a basis for planning their inspections. A safety case is required to describe all plant, structures, and equipment that allow the installation to operate safely.

The inspection body must be satisfied that all parts of the installation or equipment described in the certificate have been designed, constructed, maintained, suspended, or abandoned in accordance with generally accepted and appropriate industry practice.

Make sure your safety case cites the New Zealand or international standards you have applied.

Overseas inspection

You must have a safety case accepted by WorkSafe before operating the installation in New Zealand waters. If an inspection body conducts an inspection outside of New Zealand waters, make sure the inspection body conducts a final inspection once the installation reaches its destination in New Zealand waters before they issue a certificate of fitness. This makes sure that any in-transit damage to the installation is identified and is able to be repaired before you start operating.

INSPECTION FINDINGS

Agree processes for recording, reporting, and resolving inspection findings with the inspection body.

If any findings cannot be appropriately resolved, the inspection body should:

- > issue a new certificate of fitness with appropriate limitations and/or conditions, or
- > refuse to issue a new certificate of fitness.

MONITORING

Agree the monitoring processes and inspection frequency for any certificate of fitness with the inspection body (see Appendix C: A model inspection process).

2.2 Ensure the installation has a compliant certificate of fitness

REGULATION

Regulation 40

- (1) *A permit operator of an offshore production installation or a drilling contractor of an offshore non-production installation (as the case may be) must ensure that the installation is not operated unless there is a current certificate of fitness in respect of the safety of—*
 - (a) *the structure of the installation; and*
 - (b) *all equipment necessary for the safe operation of the installation.*
- (2) *The matters referred to in subclause (1) (a) and (b) may be covered by one certificate, if appropriate.*
- (3) *Subclause (1) does not apply to a permit operator of an offshore production installation or the drilling contractor of an offshore non-production installation who operates a verification scheme.*
- (4) *The permit operator or the drilling contractor must ensure that a copy of any certificate of fitness is sent to WorkSafe at least 30 days before the operation of the installation commences.*

GUIDANCE

An offshore installation must have a current certificate of fitness for the structure of the installation and all equipment necessary for safe operation of that installation. An inspection by a recognised inspection body confirms the structures and equipment covered by the certificate of fitness are being managed and monitored appropriately.

YOUR RESPONSIBILITIES

You must make sure the certificate of fitness remains current during the installation's operational lifecycle.

If the certificate of fitness expires (without a new one being issued) or an inspection body declines to issue or re-issue a certificate of fitness, you must stop operating the installation's structure and equipment covered by the certificate of fitness.

When you engage an inspection body, make sure they are recognised by WorkSafe.

You can obtain a copy of the inspection body's certificate of accreditation from IANZ or NATA. These are available from the inspection body or from the accreditation service's website. This will define the extent of services the inspection body can carry out and any conditions their accreditation is subject to.

Consider whether you need more than one inspection body to inspect the full range of structures and equipment.

WHAT HAPPENS IF THERE IS A CHANGE OF PERMIT OPERATOR OR DRILLING CONTRACTOR?

If the installation has changed ownership, the certificate of fitness remains current until it expires.

The new permit operator or drilling contractor should review the safety case and have a recognised inspection body confirm the certificate of fitness.

If there is a change to the structure or equipment (including operations or maintenance requirements) make sure a recognised inspection body reviews the certificate of fitness and allows you to continue operating.

Make sure you cover certification arrangements as a part of the handover of responsibilities to the new permit operator or drilling contractor.

THE SAFETY CASE

The safety case is specific to the installation and includes detail on the installation's structures and all equipment. Clearly identify the installation's extent before engaging an inspection body to issue the certificate of fitness. The inspection body may use this information to develop the inspection process.

SUBMITTING A CERTIFICATE OF FITNESS

You must provide a copy of the certificate of fitness to WorkSafe at least 30 days before starting operations. WorkSafe cannot vary the length of this notice period.

Send certificates of fitness to WorkSafe's Chief Inspector Petroleum, Geothermal and Major Hazard Facilities either by:

- > email: hhu.petroleum@worksafe.govt.nz; or
- > post:
 - High Hazards Unit
 - WorkSafe New Zealand
 - PO Box 342
 - New Plymouth 4340

WorkSafe prefers to know if there is an alteration to the certificate of fitness as soon as practicable. For example, if the installation no longer complies with its certificate of fitness the installation may continue to operate only if an inspection body allows it, which may be subject to conditions or limitations. Make sure the inspection body endorses the certificate of fitness with the conditions or limitations.

2.3 What happens if the installation no longer complies with the certificate of fitness?

REGULATION

Regulation 41

- (1) *An installation to which this Part relates, or any equipment necessary for the safe operation of an installation, no longer complies with the relevant certificate of fitness if it—*
 - (a) *sustains damage; or*
 - (b) *shows signs of deterioration that could affect the integrity of the installation or equipment; or*
 - (c) *is structurally modified or replaced.*
- (2) *If the installation or the equipment no longer complies with the relevant certificate of fitness—*
 - (a) *the permit operator or the drilling contractor (as the case may be) must cease to operate that installation or equipment unless the inspection body allows its operation under paragraph (b):*
 - (b) *the inspection body may allow the permit operator or the drilling contractor to continue to operate that installation or equipment in accordance with any reasonable limitations and conditions that it notifies to the permit operator or the drilling contractor in writing, and—*
 - (i) *the certificate of fitness is subject to those limitations and conditions; and*
 - (ii) *the permit operator or the drilling contractor may continue to operate the installation or the equipment only within those limitations or conditions (if any):*
 - (c) *the inspection body must in each case endorse on the certificate of fitness—*
 - (i) *the reason or reasons for non-compliance; and*
 - (ii) *any limitations or conditions imposed under this subclause.*
- (3) *A permit operator or a drilling contractor who contravenes subclause (2)(a) commits an offence and is liable on conviction,—*
 - (a) *for an individual, to a fine not exceeding \$10,000:*
 - (b) *for any other person, to a fine not exceeding \$50,000.*

GUIDANCE

DAMAGE OR DETERIORATION TO THE INSTALLATION

The installation's structure or equipment will no longer comply with the certificate of fitness if it:

- > sustains damage
- > shows signs of deterioration that could affect the integrity of the installation or equipment
- > is structurally modified or replaced.

If the installation has sustained damage or deterioration, notify the inspection body with details of the non-compliance (ie the damage and deterioration).

CEASING OPERATIONS DUE TO A NON-COMPLIANT CERTIFICATE OF FITNESS

If the structure or equipment required for an installation's safe operation no longer complies with its existing certificate of fitness, notify the inspection body with details of the non-compliance. Stop operation of all the affected structure or equipment until an inspection body can inspect the installation.

The inspection body may allow you to restart operations, subject to limitations or conditions. The inspection body will endorse the reasons for non-compliance and any limitations or conditions on the certificate of fitness, and you must comply with them.

If the inspection body does not give you permission to restart operations, you will need to obtain a new certificate of fitness. You will not be able to operate the affected structure or equipment until the inspection body issues a new certificate of fitness.

MODIFYING THE INSTALLATION

Modifying or replacing parts or all of the installation's structure (including software revisions for programmable devices) will make the installation non-compliant with the current certificate of fitness.

Proposed modifications will also require changes to the safety case if certain situations set out in regulation 31 apply. If required, submit a revised safety case to WorkSafe as soon as practicable under regulation 31.

To minimise the impact on operations from changing or modifying the structure or equipment, you should:

- > gain approval for the equipment changes from the inspection body
- > negotiate the plan for changing the equipment with the inspection body
- > request a transitional certificate of fitness from the inspection body, which includes reasonable limitations or conditions for operating the installation while changes are made to it
- > request a final certificate of fitness for the installation's operation after the modifications are complete.

03/

**VERIFICATION
SCHEMES**

This section applies to you if you are a permit operator of an offshore production installation, or a drilling contractor of a non-production offshore installation.

3.1 Meaning of a verification scheme

REGULATION

Regulation 47

- (1) *In regulations 40(3) and 48 to 54, **verification scheme** means a written scheme for ensuring, by the means described in subclause (2), that the safety-critical elements on an installation—*
- (a) *are or, where they are yet to be provided, will be suitable; and*
 - (b) *where they have been provided, remain in good repair and condition.*
- (2) *The means referred to in clause (1) are—*
- (a) *examination, including testing where appropriate, of the safety-critical elements by an independent and competent person:*
 - (b) *examination of any design, specification, certificate, or other document, marking, or standard relating to the safety-critical elements:*
 - (c) *examination of work in progress by independent and competent persons:*
 - (d) *the taking of appropriate action following a report by an independent and competent person:*
 - (e) *the taking of any steps that may be properly provided for under regulation 48 and Schedule 7:*
 - (f) *the taking of any steps incidental to the means described in this subclause.*

GUIDANCE

A verification scheme makes sure safety-critical elements are suitable and maintained in good repair and condition. The verification scheme must also include the specified information in Schedule 7.

SAFETY-CRITICAL ELEMENTS

Safety-critical elements are any part of an installation or its plant (including a computer program):

- > that has the purpose of preventing, or limiting the effect of, a major accident; or
- > the failure of which could cause or contribute substantially to a major accident.

An independent and competent person must examine safety-critical elements as part of the verification scheme. Take an inclusive view of what safety-critical elements cover, considering the safety of any person on or near the installation.

The safety case also requires a description of the arrangements in place for independent and competent people to verify that safety-critical elements remain effective.

EXAMINATION OF SAFETY-CRITICAL ELEMENTS

The verification scheme must provide for the safety-critical elements identified in it to be examined and, if required, tested by an independent and competent person.

Examination makes sure the safety-critical elements are being managed, monitored, and maintained to the standards described in the verification scheme.

INDEPENDENT AND COMPETENT PEOPLE

Consider whether you need more than one independent and competent person based on the safety-critical elements that need verifying; and the competences required to verify them (eg electrical to verify electrical equipment).

If possible, use inspection bodies that meet suitable accreditation requirements, for example AS/NZS ISO/IEC 17020.

3.2 Develop and submit the verification scheme

REGULATION

Regulation 48

- (1) *A permit operator of an offshore production installation or a drilling contractor of a non-production offshore installation (as the case may be) who intends to operate a verification scheme in relation to the installation must ensure that—*
- (a) *a record is made of the safety-critical elements on the installation; and*
 - (b) *a copy of the record is given to an independent and competent person for review and comment; and*
 - (c) *a verification scheme, providing for the matters set out in Schedule 7, is prepared by or in consultation with an independent and competent person; and*
 - (d) *a record is kept of any reservation expressed by the independent and competent person about—*
 - (i) *the contents of the record referred to in paragraph (a); or*
 - (ii) *the verification scheme.*

- (2) *In relation to a new offshore production installation or a new non-production offshore installation, a copy of the verification scheme must be submitted to WorkSafe at least 90 days (or any shorter period specified by WorkSafe) before the date on which the permit operator or the drilling contractor (as the case may be) intends to commence operating the installation.*
- (3) *In relation to an existing offshore production installation, a copy of the verification scheme must be submitted to WorkSafe at least 90 days (or any shorter period specified by WorkSafe) before the date on which the current certificate of fitness for the installation expires.*

GUIDANCE

You must:

- > identify and record the safety-critical elements of the installation
- > give a copy of the record to an independent and competent person for review and comment
- > develop the verification scheme in consultation with the independent and competent person, or use that person to develop it on your behalf
- > record any reservations made by the independent and competent person about the record or the verification scheme
- > provide a copy of the verification scheme to WorkSafe for recognition.

There should be a clear link between the safety-critical elements in the verification scheme and those in the safety case.

Make sure the list of safety-critical elements is complete and kept up to date. For example, if the independent and competent person finds something that is not in the safety case that should be, they should bring this to your attention.

TRANSITIONING FROM A CERTIFICATE OF FITNESS

Under the Regulations it is possible to transition from a certificate of fitness to a verification scheme. To do this, WorkSafe must recognise the verification scheme before the current certificate of fitness expires.

SUBMITTING A VERIFICATION SCHEME

You must submit the verification scheme to WorkSafe at least 90 days (or any shorter period specified by WorkSafe) before the:

- > proposed start of operations of a new offshore production installation or a new non-production offshore installation
- > date on which the current certificate of fitness for an existing offshore production installation expires.

You must keep the recognised verification scheme current. If you revise or replace it, you must send a copy of the verification scheme to WorkSafe as soon as practicable.

Send verification schemes to WorkSafe’s Chief Inspector Petroleum, Geothermal and Major Hazard Facilities either by:

- > email: hhu.petroleum@worksafe.govt.nz; or
- > post:
 High Hazards Unit
 WorkSafe New Zealand
 PO Box 342
 New Plymouth 4340

3.3 WorkSafe may recognise a verification scheme

REGULATION

Regulation 49

- (1) *WorkSafe may recognise a verification scheme by allowing a permit operator or the drilling contractor (as the case may be) to operate a verification scheme for a particular installation, if—*
 - (a) *the permit operator or the drilling contractor has provided WorkSafe with a suitable verification scheme for the installation that contains the information specified in Schedule 7; and*
 - (b) *WorkSafe is satisfied that the examination work will be carried out by an independent and competent person; and*
 - (c) *WorkSafe is satisfied that the verification scheme will be implemented,—*
 - (i) *in relation to a new offshore production installation or non-production offshore installation, before the installation commences operations:*
 - (ii) *in relation to an existing offshore production installation or non-production installation, before the current certificate of fitness expires.*
- (2) *If WorkSafe recognises a verification scheme under this regulation, the permit operator or the drilling contractor does not have to comply with the certification requirements imposed by regulation 40.*

GUIDANCE

WorkSafe must recognise a verification scheme before a new offshore installation can commence operating, or before the current certificate of fitness expires.

WorkSafe wants to be satisfied the verification scheme is suitable and will provide an equivalent level of assurance to a certificate of fitness.

If WorkSafe recognises the verification scheme, you do not need to comply with the requirement to have a certificate of fitness for the installation.

If WorkSafe does not recognise the verification scheme you can revise and resubmit the verification scheme, or obtain a certificate of fitness.

Figure 3 summarises the recognition process.

SUBMITTING A VERIFICATION SCHEME FOR RECOGNITION

Submit the application to the Chief Inspector Petroleum, Geothermal and Major Hazard Facilities. Send it to WorkSafe's High Hazards Unit by:

- > email: hhu.petroleum@worksafe.govt.nz; or
- > post to:
 - High Hazards Unit
 - WorkSafe New Zealand
 - PO Box 342
 - New Plymouth 4340

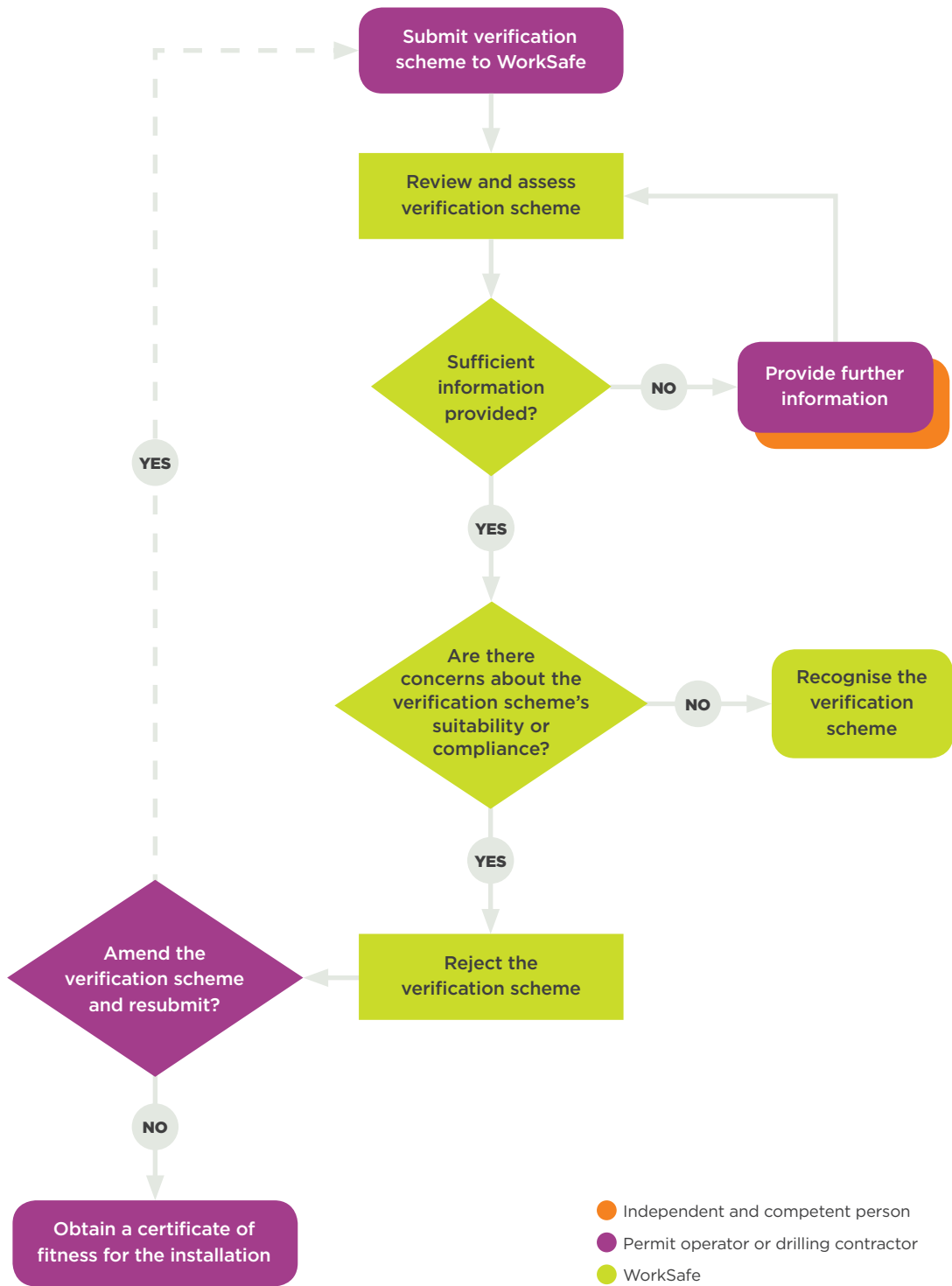


Figure 3: Summary of the recognition process

3.4 Implement the verification scheme

REGULATION

Regulation 50

- (1) *If a verification scheme has been recognised under regulation 49, the permit operator or the drilling contractor (as the case may be) must implement the verification scheme—*
- (a) *in relation to a new offshore production installation or non-production offshore installation, before the installation commences operations:*
 - (b) *in relation to an existing offshore production installation or a new non-production offshore installation, before the current certificate of fitness expires.*
- (2) *A permit operator or a drilling contractor who contravenes subclause (1) commits an offence and is liable on conviction,—*
- (a) *for an individual, to a fine not exceeding \$10,000:*
 - (b) *for any other person, to a fine not exceeding \$50,000.*

GUIDANCE

Implementing a verification scheme requires you to action the means described in it, and that you continually consider the findings. This means examining documents and the physical appearance of, and possibly testing, the safety-critical elements. It also extends to the safety-critical elements associated with work-in-progress activities such as modifications to the installation.

The analysis may lead to changes to the identified safety-critical elements if suitability is in question, or maintenance to make sure the safety-critical elements remain in good repair and condition. This may also require you to update the verification scheme.

Make sure an independent and competent person reviews the safety-critical elements with a frequency so they remain suitable, in good repair and condition.

The independent and competent person should be satisfied that the safety-critical elements are being managed, monitored and maintained to the defined performance standards described in the safety case.

3.5 WorkSafe may withdraw the verification scheme’s recognition

REGULATION

Regulation 51

- (1) *WorkSafe may withdraw recognition of the verification scheme if—*
 - (a) *the permit operator or the drilling contractor (as the case may be) does not implement the verification scheme in accordance with regulation 50; or*
 - (b) *the permit operator or the drilling contractor does not comply with regulations 52 to 54; or*
 - (c) *the verification scheme has been revised or replaced, and the requirements of regulation 49(1) are not fulfilled for the revised scheme or the replacement scheme.*
- (2) *Before withdrawing recognition of a verification scheme, WorkSafe must state its concerns in writing to the permit operator or the drilling contractor and consider the permit operator’s or the drilling contractor’s response.*

GUIDANCE

WorkSafe must be satisfied that you:

- > put the verification scheme in place within the time set out (regulation 50)
- > conduct regular reviews of the verification scheme (regulation 52)
- > make sure that the verification scheme is continually in effect (regulation 53)
- > keep and maintain records (regulation 54)
- > revise or replace a verification scheme to the requirements of regulation 49(1).

WorkSafe may withdraw the verification scheme’s recognition if you do not meet all of these requirements.

3.6 Review, give effect to, and keep records of the verification scheme

REGULATION

Regulation 52

- (1) *A permit operator or a drilling contractor who operates a verification scheme must ensure that, as often as is appropriate,—*
 - (a) *the verification scheme is reviewed and, where necessary, revised or replaced by, or in consultation with, an independent and competent person; and*
 - (b) *a record is kept of any reservations expressed by the independent and competent person in the course of the revision or replacement.*
- (2) *If a verification scheme is revised or replaced, the permit operator or the drilling contractor (as the case may be) must as soon as practicable send a copy of the revision or replacement to WorkSafe.*

REGULATION

- (3) *A permit operator or a drilling contractor who contravenes this regulation commits an offence and is liable on conviction,—*
- (a) *for an individual, to a fine not exceeding \$10,000;*
 - (b) *for any other person, to a fine not exceeding \$50,000.*

Regulation 53

- (1) *A permit operator or a drilling contractor must ensure that, while the installation exists, effect continues to be given to the verification scheme or any revision to or replacement of the verification scheme.*
- (2) *A permit operator or a drilling contractor who contravenes subclause (1) commits an offence and is liable on conviction,—*
- (a) *for an individual, to a fine not exceeding \$10,000;*
 - (b) *for any other person, to a fine not exceeding \$50,000.*

REGULATION

Regulation 54

- (1) *A permit operator or a drilling contractor who operates a verification scheme must keep and retain the following records, and store them at the nominated address, until the date that is 12 months after the verification scheme has ceased to be current:*
- (a) *the verification scheme, including any replacement of it;*
 - (b) *any revision of the verification scheme;*
 - (c) *any reservations expressed by a person who reviewed—*
 - (i) *the record referred to in regulation 48(1)(a); or*
 - (ii) *the verification scheme.*
- (2) *In subclause (1), the **nominated address** means the address nominated by the permit operator or the drilling contractor (as the case may be).*
- (3) *A permit operator or a drilling contractor who contravenes subclause (1) commits an offence and is liable on conviction,—*
- (a) *for an individual, to a fine not exceeding \$2,000;*
 - (b) *for any other person, to a fine not exceeding \$10,000.*

GUIDANCE

YOUR RESPONSIBILITIES

Once WorkSafe recognises a verification scheme, you will have the following responsibilities:

- > implementing and giving continuing effect to the recognised verification scheme (regulations 50 and 53)
- > making sure the scheme is reviewed, and revised or replaced as required by regulation 52, and that you submit any revision or replacement to WorkSafe
- > keeping records until 12 months after the verification scheme ceases to be current.

You must keep the verification scheme's records, and any revisions to or replacements of the verification scheme, at a nominated address.

Also keep other relevant records relating to the verification scheme, such as records of WorkSafe's recognition.

REVIEWING THE VERIFICATION SCHEME

Review the verification scheme as often as is appropriate, while complying with Schedule 7.

APPENDICES

APPENDIX A: ACCREDITATION PROCESS

Accreditation is formal recognition granted by an authoritative body, of competence to perform specific conformity assessment tasks. Examining appropriate items and assessing if they conform to relevant criteria makes inspection bodies conformity assessment bodies.

Under the Regulations, IANZ and NATA have formal procedures for accrediting inspection bodies. These procedures are fully compliant with international standards. Figure 4 summaries the accreditation process.

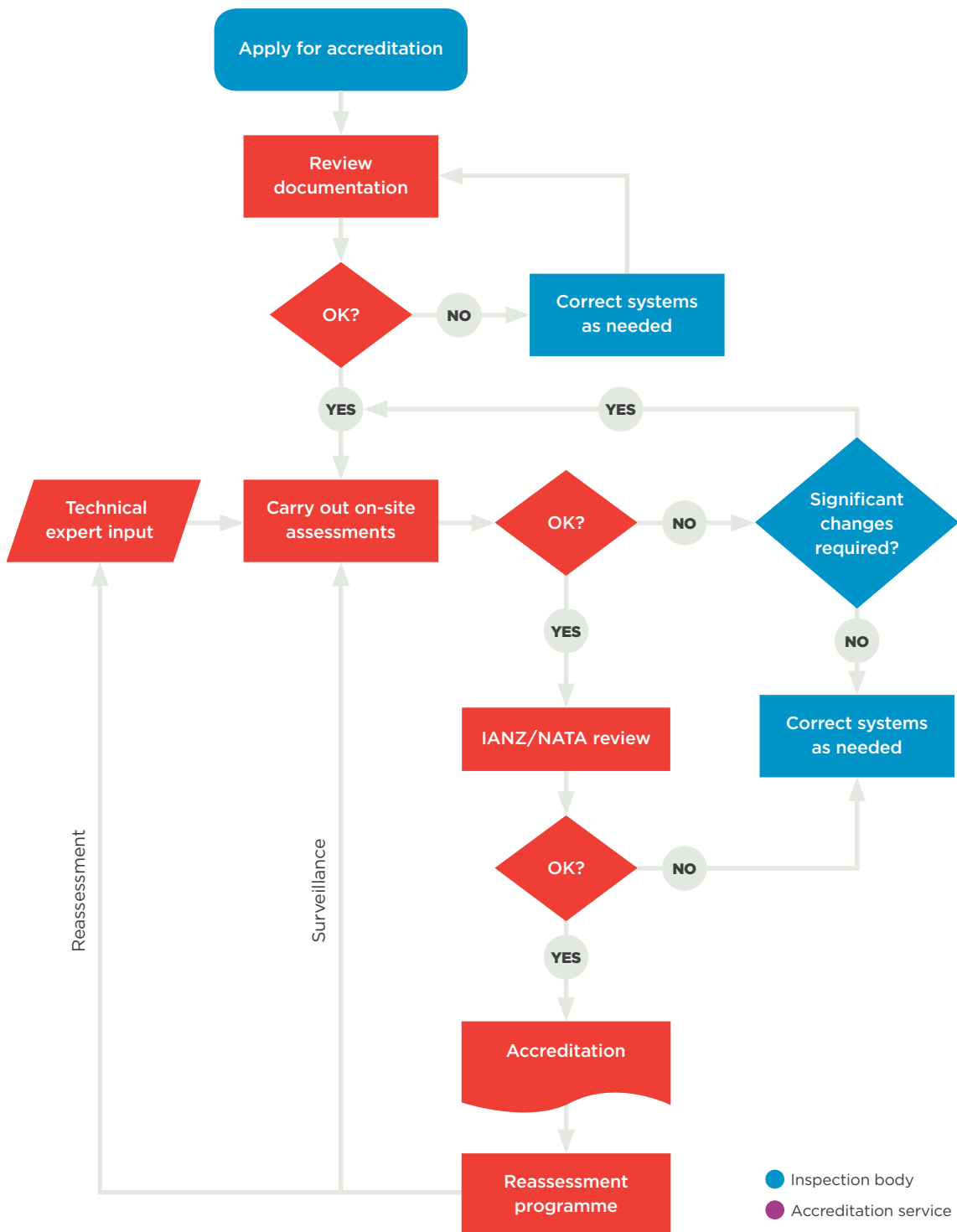


Figure 4: A model accreditation process

The accreditation process includes independent technical experts assessing the inspection body's:

- > procedures
- > equipment
- > technical and managerial staff
- > quality management systems
- > record keeping.

Once accredited, the accreditation body regularly monitors inspection bodies to make sure they continue to comply with AS/NZS ISO/IEC 17020 and the requirements of any relevant regulations.

The accreditation body will likely reassess inspection bodies at least once every three years, and carry out surveillance visits between reassessments. Inspection bodies should address any issues identified during reassessments or surveillance visits.

Effective and relevant quality assurance programme

To have an effective and relevant quality assurance programme, the inspection body should:

- > have a process to critically review the accepted safety case to identify all structures and equipment required to operate the installation safely
- > use a procedure to determine and plan, by reference to the accepted safety case, any inspections required to support the issuing of a certificate of fitness
- > be supported by a system based on quality management principles
- > certify structures or equipment in accordance with limitations or conditions notified (in writing) to the permit operator or drilling contractor
- > incorporate any changes in the Regulations or gazetted changes that WorkSafe may make
- > have a means to report concerns about unsafe operation at any installation to WorkSafe as soon as practicable.

Appropriate experience and background

Inspection bodies should engage personnel so their combined competency supports the scope of their accreditation, inspection activities and services the inspection body provides when issuing certificates of fitness.

IANZ and NATA require the inspection body to keep relevant records of employment processes, qualifications, knowledge and industry experience.

AS/NZS ISO/IEC 17020 requires inspectors and personnel acting on their behalf to meet relevant competence requirements for the applicable installations and equipment.

Relevant competence should cover:

- > non-technical competencies (eg generic management/safety management system competencies)
- > technical competencies (eg current and nationally recognised high-level qualifications relevant to specific activities, technologies or structure/equipment expertise), if a qualification is not held this may include proof of the technical competence.

Inspectors should know generally accepted and appropriate industry practice, as well as standards, specifications and designs to inspect against. They should be able to demonstrate a good working knowledge of the relevant reference documents and should have access to all relevant reference materials during the inspection process.

Objective and non-conflicted inspection

It is critical that any person conducting certification can do so objectively (meaning, without bias) and without known conflicts of interest. The inspection body employing or contracting the person must manage potential issues when they arise, to ensure an objective and non-conflicted inspection.

Use third parties responsibly

When an inspection body does not have the capability in-house to provide all of the expertise (or equipment) to issue a certificate of fitness, the inspection body may ask the duty holder to engage other specialists to do the work.

If the inspection body does not directly engage specialists, there is no contractual relationship with them. However, AS/NZS ISO/IEC 17020 requires an inspection body remain responsible for all results (critical to the overall certificate) supplied by contractors, whether they directly engage them or not. This may mean refusing to accept results provided by a contractor if there is insufficient evidence to satisfy the inspection body that the contractor is competent and reliable.

If an inspection body accepts records, reports or conclusions from third parties, they must fully meet the requirements of section 6.3 of AS/NZS ISO/IEC 17020 in relation to the third party suppliers.

An inspection body is not obliged to accept records, results, or conclusions provided by a third party.

Verified third party information

If an inspection body accepts information from a third party in support of a conformity assessment decision (that forms part of the certificate of fitness), AS/NZS ISO/IEC 17020 requires the inspection body to verify the integrity of the information. The inspection body must keep records of the evidence used to establish the competence of any contractor whether directly employed by the inspection body, the permit operator, drilling contractor, or third party.

Accredited inspection bodies cannot subcontract responsibility for the decision to grant, withhold, or apply conditions to a certificate of fitness.

APPENDIX B: WORKSAFE'S RECOGNITION OF INSPECTION BODIES

Recognised and accredited inspection bodies can inspect aspects of installations and issue certificates of fitness. They can issue certificates of fitness that last for a maximum of five years.

WorkSafe can only recognise inspection bodies accredited by IANZ or NATA, which require compliance with AS/NZS ISO/IEC 17020.

WorkSafe must recognise any inspection body that wants to issue certificates of fitness.

An inspection body must be accredited before applying to WorkSafe for recognition as an inspection body.

Applying to WorkSafe for recognition

Inspection bodies should submit applications in writing to WorkSafe's Chief Inspector Petroleum, Geothermal and Major Hazard Facilities either by:

- > email: HHU.petroleum@worksafe.govt.nz; or
- > post:
 - High Hazards Unit
 - WorkSafe New Zealand
 - PO Box 342
 - New Plymouth 4340

WorkSafe will not consider applications that do not have IANZ/NATA accreditation or an appropriate scope of accreditation.

WorkSafe may issue conditions

WorkSafe may, from time to time, publish conditions, on the grounds that it is in the interests of safety, on recognising inspection bodies in a *Gazette* notice. It is the inspection body's responsibility to remain current with the *Gazette* notices.

Review the notices as part of the quality assurance programme.

WorkSafe's recognition process

Figure 5 summarises the recognition process.

WorkSafe will assess every application to make sure the inspection body supplies the relevant documents along with sufficient evidence. During this assessment, WorkSafe may contact the accreditation body or the potential inspection body's clients for further detail.

WorkSafe will either:

- > recognise the inspection body and publish the relevant details in the *Gazette*
- > recognise the inspection body with conditions or limitations in the interests of safety and publish the relevant details in the *Gazette*
- > decline the application (before declining an application WorkSafe will express their concerns to the inspection body and provide the opportunity to respond to them).

WorkSafe does not perform any monitoring after it recognises an inspection body. However, WorkSafe inspectors have the power to enter a workplace to monitor an inspection body's activities under section 168 of the Health and Safety at Work Act 2015 (HSWA).

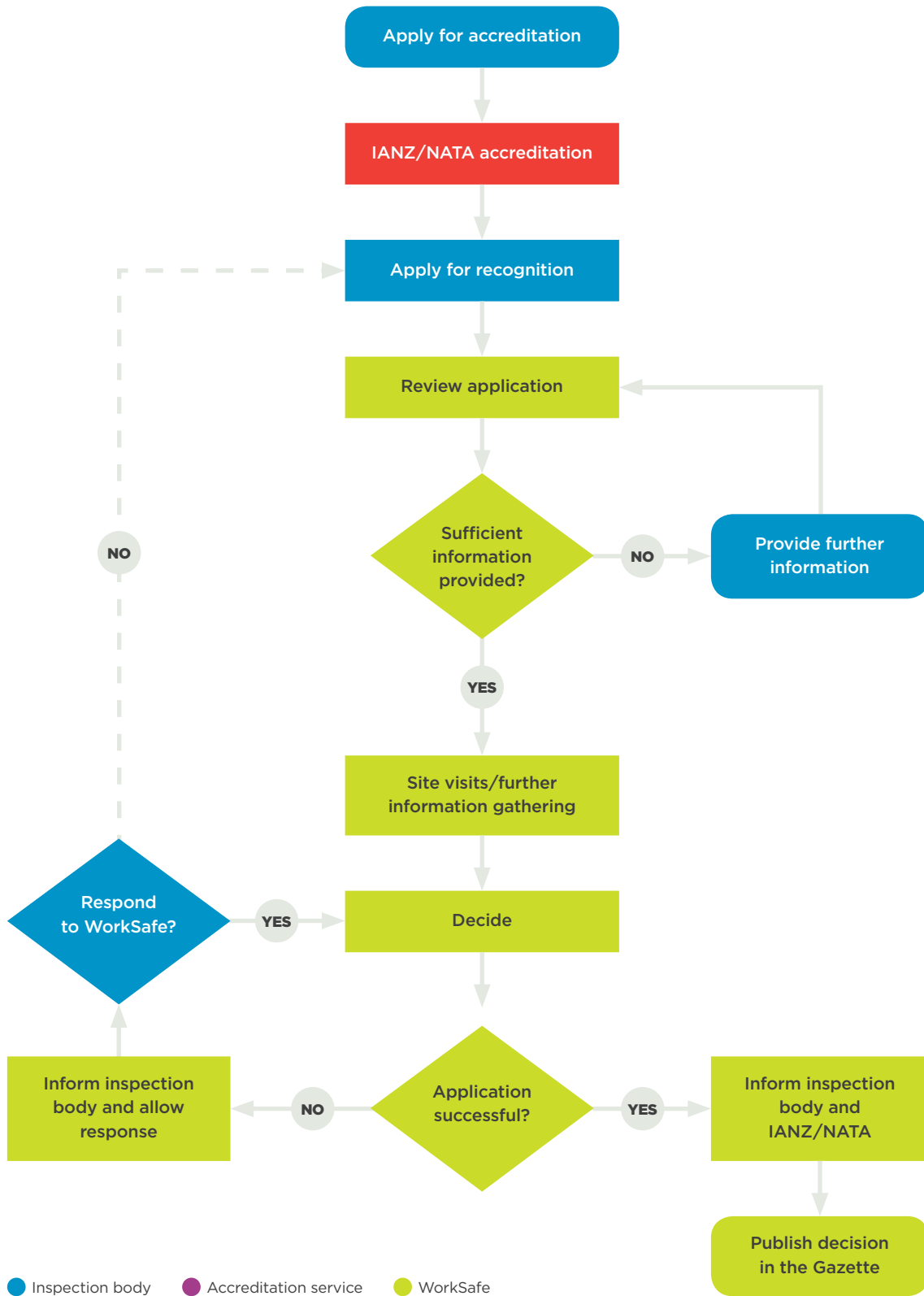


Figure 5: Recognition process

IANZ/NATA supporting documentation

Inspection bodies applying to WorkSafe for recognition must provide the following supporting documents.

- > Details of the quality assurance programme and copy of the appropriate certificate(s). WorkSafe accepts the certificate of accreditation to AS/NZS ISO/IEC 17020 as meeting these requirements.
- > Details of each inspector's qualifications, industry experience and knowledge. WorkSafe may require copies of qualification certificates to verify that an inspector's qualifications are legitimate.
- > The inspection body's scope of accreditation. Make sure it is available on the relevant accreditation body's website:
 - IANZ: www.ianz.govt.nz/directory
 - NATA: www.nata.asn.au/facilityscopesearch
- > A copy of the certificate of accreditation from IANZ or NATA.
- > A copy of the schedule to the certificate of accreditation.
- > Procedures and records provided to the accreditation body to conform with clauses 4.1.1 – 4.1.4 and 6.1.12 of AS/NZS ISO/IEC 17020.

WorkSafe expects any inspection body applying for recognition to:

- > be familiar with the Regulations and any relevant operational processes and procedures
- > have a general knowledge of safety cases, and installation-specific knowledge
- > be able to demonstrate a significant relevant inspection capability in New Zealand. This means an inspection body cannot be approved if its capability is restricted to assessing third party reports etc
- > have IANZ/NATA accreditation in a relevant scope
- > be a type A inspection body as defined in AS/NZS ISO/IEC 17020 and meet the requirements for managing conflicts of interest
- > be competent to manage and take responsibility for all inspections required to support the issuing of a certificate of fitness.

This does not imply inspection bodies must carry out all types of inspections using their own personnel. To ensure complete coverage, inspection bodies may be accredited for a combination of inspections they conduct directly, using their own personnel, and inspections of records, reports and conclusions provided by third parties, in order to issue a certificate of fitness.

A recognised inspection body must:

- > maintain their accreditation status with IANZ/NATA
- > carry out inspections of structures and equipment to determine their compliance with generally accepted and appropriate industry practice
- > have access to the expertise necessary to inspect all the relevant aspects of an installation in order to issue a certificate of fitness
- > inform IANZ/NATA of any significant changes to make sure the requirements of accreditation are being met

- > issue certificates of fitness in an appropriate format as specified in Schedule 6
- > comply with any conditions of recognition prescribed by WorkSafe by notice in the Gazette.

The New Zealand Gazette is available at: gazette.govt.nz

WorkSafe may withdraw recognition

If an inspection body fails to maintain the criteria for recognition under regulation 42, or fails to meet the conditions of recognition under regulation 43, WorkSafe may withdraw recognition under regulation 44.

If WorkSafe withdraws recognition, WorkSafe may decide that any current certificates of fitness issued while an inspection body was recognised are unaffected due to the reason for withdrawing recognition.

Before withdrawing an inspection body's recognition, WorkSafe must state its concerns to the inspection body and consider its response.

Alternatively, if, because of the reason for the withdrawal of recognition, WorkSafe determines that it is not confident of compliance, it will require a level of reassurance from the inspection body. This may include a request to review any current certificates of fitness they have issued. It may also include WorkSafe requesting IANZ or NATA to conduct a special assessment of an inspection body.

APPENDIX C: A MODEL INSPECTION PROCESS

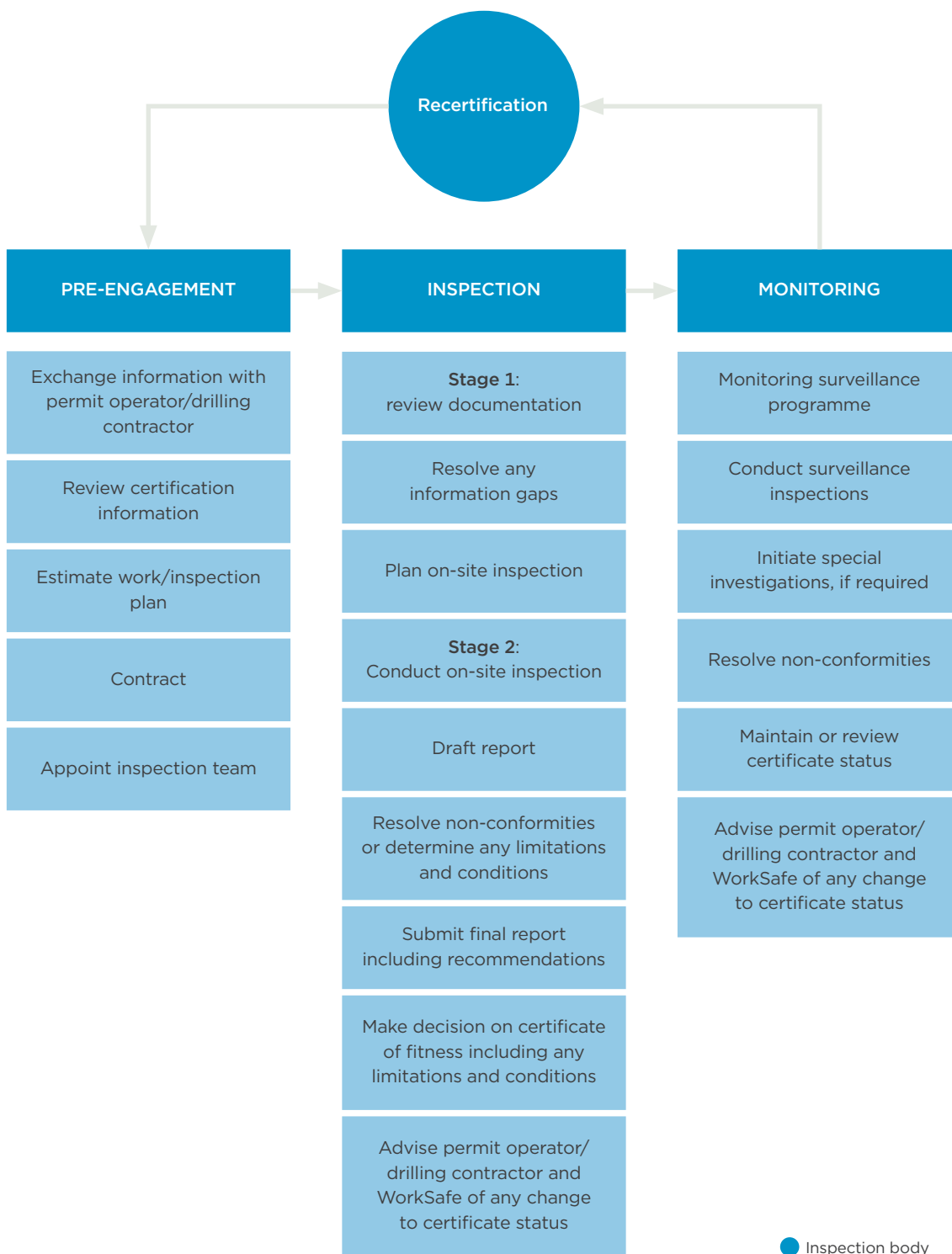


Figure 6: A model inspection process

APPENDIX D: MORE INFORMATION

New Zealand legislation

To access all legislation including Acts and regulations visit the New Zealand Legislation website:
www.legislation.govt.nz

WorkSafe New Zealand

For information and guidance about health and safety or to contact the High Hazard Unit visit WorkSafe's website: www.worksafe.govt.nz or call 0800 030 040.

Guidance

Introduction to the Health and Safety at Work Act 2015

WorkSafe New Zealand www.worksafe.govt.nz

Major Hazard Facilities: Emergency Planning

WorkSafe New Zealand www.worksafe.govt.nz

Major Hazard Facilities: Major Accident Prevention Policy and Safety Management Systems

WorkSafe New Zealand www.worksafe.govt.nz

Major Hazard Facilities: Safety Assessment

WorkSafe New Zealand www.worksafe.govt.nz

Major Hazard Facilities: Safety Cases

WorkSafe New Zealand www.worksafe.govt.nz

Notifications Required by the Health and Safety at Work (Petroleum Exploration and Extraction) Regulations 2016

WorkSafe New Zealand www.worksafe.govt.nz

Petroleum: Major accident prevention policies and safety cases

WorkSafe New Zealand www.worksafe.govt.nz

Petroleum: Well operations and well examination schemes

WorkSafe New Zealand www.worksafe.govt.nz

Worker Engagement, Participation and Representation

WorkSafe New Zealand www.worksafe.govt.nz

APPENDIX E: GLOSSARY

TERM	EXPLANATION
Abandon	Defined in the Regulations, in relation to a well, means to seal the well to render it permanently inoperative (abandonment has a corresponding meaning).
Accepted safety case	A safety case which WorkSafe has accepted under regulation 28.
Accreditation	Defined in <i>ISO/IEC 17000 – Conformity assessment – Vocabulary and general principles</i> as third-party attestation related to a conformity assessment body conveying formal demonstration of its competence to carry out specific conformity assessment tasks.
Amended safety case	If WorkSafe has initially rejected a safety case or revised safety case under regulation 27, a permit operator or drilling contractor may amend the safety case and resubmit it for acceptance. This is an amended safety case.
Certificate of fitness	A certificate of fitness is one issued under the regulations by an inspection body in the format of Schedule 6 of the Regulations.
Combined operation	Defined in the Regulations, means an operation where two or more installations (other than lower-tier production installations) carry out a temporary operation concurrently at the same location or, in the case of an offshore installation, within 500 m of each other.
Completion	Completion enables the well to start producing petroleum.
Drilling contractor	Defined in the Regulations, means a PCBU who manages or controls a non-production installation. For the purposes of applying this definition in respect of any particular duty or requirement of a drilling contractor, the permit operator of the installation is to be treated as the drilling contractor if the permit operator has given written notice that the permit operator has elected to be treated as the drilling contractor to the person (or persons) who would otherwise be treated as the drilling contractor.
Emergency response plan	Defined in the Regulations, means a plan for responding to emergencies that occur while petroleum workers are working on or near an installation.
Independent and competent person	Defined when the meaning of regulation 4 (meaning of independent) and the meaning of 'competent person' in regulation 3 are combined.
Inspection body	An inspection body is a person or organisation recognised under regulation 42 as being able to inspect installations and issue certificates of fitness.
Installation	Defined in the Regulations, means a production installation or a non-production installation.
Lower-tier production installation	Defined in the Regulations, means an installation that is onshore, and has levels of petroleum production and petroleum stored at the installation below set limits.
Nominated address	Means a physical address in New Zealand nominated by the permit operator.
Non-production installation	Defined in the Regulations, means any vessel or structure that functions independently of a production installation and that is used or is intended to be used for drilling a well, but does not include any vessel or structure during mobilisation or demobilisation, or equipment solely used to drill a hole for conductor casing at an onshore well site.

TERM	EXPLANATION
Notifiable event	Defined in HSWA as: <ul style="list-style-type: none"> > the death of a person > a notifiable injury or illness > a notifiable incident.
Notifiable incident	Defined in HSWA, generally an unplanned or uncontrolled incident that immediately or imminently exposes workers or other people to a serious risk to health or safety. It must be reported to WorkSafe, or the relevant designated agency.
Offshore	Defined in the Regulations, means anywhere that is on the seaward side of the mean high-water mark.
Permit operator	Defined in the Regulations, means a PCBU who manages or controls a production installation or a well operation and to whom section 27 of the Crown Minerals Act 1991 applies. For the purposes of this definition, the person to whom section 27 of the Crown Minerals Act 1991 applies is to be treated as the person who manages or controls the production installation or the well operation, even if that person engages a contractor to perform some or all of that person's duties.
Production installation	Defined in the Regulations, means any vessel or structure and related aspects such as piping, plant and equipment to be used for extracting and initially processing petroleum, and the injection and recovery of gas from underground, but does not include equipment that extracts petroleum for well testing for less than 90 days.
Safety case	Defined in the Regulations, generally a written presentation of the technical, management and operational information covering the hazards and risks that may lead to a major accident at the installation, and their control. It provides justification for the measures taken to ensure the safe operation of the installation.
Safety management system (SMS)	Defined in the Regulations, generally a comprehensive integrated system for managing all aspects of risk control at an installation and used as the primary means of ensuring safe operation at the installation.
Safety-critical element	Defined in the Regulations, means any part of an installation or its plant (including a computer program): <ul style="list-style-type: none"> > that has the purpose of preventing, or limiting the effect of, a major accident; or > the failure of which could cause or contribute substantially to a major accident.
Secretary	Under the Health and Safety in Employment (Petroleum Exploration and Extraction) Regulations 1999 was the Chief Executive of Ministry of Business, Innovation and Employment.
Significant modification	Defined in regulation 16, in relation to a major accident prevention policy, means any modification that is likely to increase the likelihood of a major accident occurring or increase the severity or extent of the harm arising from a major accident.
Suspend	Defined in the Regulations, in relation to a well, means to make the well temporarily inoperative (suspension has a corresponding meaning).
Verification scheme	Defined in regulation 47, means a written scheme to ensure that safety-critical elements are suitable and where already provided, remain in good repair and condition.
Well	Defined in the Regulations, means a borehole drilled to explore, appraise, or extract petroleum. It includes boreholes used for injection/rejection, down-hole, and top-of-the-well pressure-containing equipment.

TERM	EXPLANATION
Well examination scheme	Defined in regulation 64, means documented arrangements for the ongoing examination of the well such that, so far as is reasonably practicable, the well during its lifecycle will not have an unplanned escape of fluids or risk the health and safety of persons.
Well intervention operation	Defined in the Regulations, means an operation in which a well is re-entered for a purpose other than to continue drilling or to maintain or repair it.
Well operation(s)	Defined in the Regulations, means the drilling, completion, suspension, or abandonment of a well; including recommencing drilling after a well has been completed, suspended, or abandoned; and any other operation in relation to a well during which an accidental release of fluids from the well could give rise to the risk of a major accident.
Worker	Defined in HSWA, generally a person who carries out work in any capacity for a PCBU. It covers almost all working relationships, including employees, contractors, sub-contractors, and volunteer workers.
Worker representative	<p>In relation to a worker, means:</p> <ul style="list-style-type: none"> > the health and safety representative for the worker > a union representing the worker > any other person the worker authorises to represent them (eg community or church leaders, lawyers, occupational physicians, nurses, respected members of ethnic communities). <p>Workers can ask a worker representative to raise health and safety issues with a PCBU on their behalf.</p>
Workover operation	Defined in the Regulations, means an operation in which a well is re-entered for the purpose of maintaining or repairing it.

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ISBN: 978-1-98-852700-0 (online)

First edition published in 2015 by WorkSafe New Zealand

PO Box 165, Wellington 6140, New Zealand



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ISBN: 978-1-98-852700-0 (online)