Working towards transparency in offshore petroleum

Transparency Taskforce
Perth Conference and Exhibition Centre and Online

27 June 2018
## Session Outline

<table>
<thead>
<tr>
<th>Time</th>
<th>Description</th>
<th>By</th>
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<tbody>
<tr>
<td>1245</td>
<td>Attendees arrive</td>
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<tr>
<td>1300</td>
<td>Introduction, acknowledgement of country, Taskforce overview</td>
<td>NOPSEMA</td>
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<tr>
<td>1315</td>
<td>Update on regulatory amendments, new program of open days</td>
<td>DIIS</td>
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<tr>
<td>1330</td>
<td>The Regulator’s preparations for increased transparency</td>
<td>NOPSEMA</td>
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<tr>
<td>1415</td>
<td>Break</td>
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<tr>
<td>1430</td>
<td>Initiatives to achieve efficiencies and community benefits</td>
<td>NERA</td>
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<tr>
<td>1500</td>
<td>Industry readiness review and work plan</td>
<td>APPEA</td>
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<tr>
<td>1520</td>
<td>Panel session: Q&amp;A with all presenters</td>
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<tr>
<td>1600</td>
<td>Session close</td>
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**Outcome 1:** Amended Environment Regulations to give effect to increased transparency

1. Legislative change process (DIIS)
2. Industry readiness for transparency (APPEA)

**Outcome 2:** The community has confidence in the regulatory regime

3. Communication with community via events, online portal (DIIS)
4. Regulatory system updates (NOPSEMA)

**Outcome 3:** Reduced size and complexity of EPs

5. Alignment of regulatory interpretation (NOPSEMA)
6. Efficiency and standardisation initiatives, e.g. reference cases (NERA)
• Steering Committee of stakeholders:
  – NOPSEMA, DIIS, NERA
  – State government petroleum regulators (WA, SA, NT, Vic)
  – APPEA & selected titleholder representatives
  – Seafood Industry Australia, WA Fishing Industry Council and Pearl Producers Association
  – Law Council of Australia
  – The Wilderness Society of SA (advisors)
Update on consultation and transparency reforms

Catherine Kesteven – DIIS Manager
Environment, Safety and Security Section
Update on Consultation and Transparency Reforms

Catherine Kesteven - Manager,
Environment, Safety and Security Section
June 2018
Overview

• Background and Ministerial announcement

• Proposed regulatory amendments

• Community information sessions
Endorsed Policy Changes

- Full publication of Environment Plans
- Public consideration period
- Public consultation on potential new petroleum exploration areas
- Register of interest
- Community engagement
For exploration activities:

- 30 day public comment period prior to NOPSEMA assessment
- Full environment plan published on submission and on acceptance
Regulatory Reforms

For development activities:

• Public comment during the offshore project proposal process

• Full environment plan published on submission and on acceptance

Transitional arrangements
## Next steps

<table>
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<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Consultation on draft amendments</strong></td>
<td>A draft of the proposed regulatory changes and transitional arrangements will be released for consultation.</td>
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<tr>
<td><strong>Regulatory Impact Statement</strong></td>
<td>Engaging with the Office of Best Practice Regulation on regulatory impacts arising from proposed amendments.</td>
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<tr>
<td><strong>Implementation</strong></td>
<td>Regulatory amendments to be approved by the Minister and tabled in parliament.</td>
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Community Information Sessions

• Community information sessions are planned for South Australia in August 2018.

• Sessions will be held in Adelaide, Port Lincoln, Victor Harbor and Kangaroo Island.
Further information

Website - Improving consultation and transparency:

For further information, or to register for updates on this issue, please email:
offshoreenvironment@industry.gov.au

Catherine Kesteven 08 6424 5386
Lisa Wechmann 02 6243 7304
QUESTIONS?

Department of Industry, Innovation and Science

Industry House
10 Binara Street
Canberra City, ACT 2601, Australia
Telephone +61 2 6213 6000
The Regulator’s preparations for increased transparency

Cameron Grebe – NOPSEMA Environment Head of Division
A wide range of and some poor consultation practices leading to a loss of trust

Transparency of decision making not meeting community expectations
NOPSEMA is experiencing:

- Requests for Statements of Reasons
- Media reflecting community concern
- Particular tension relating to drilling and seismic
- Increased political interest (local and state governments)
Continuing concern from community

Newcastle Co-op braces for impact of seismic testing on commercial fishing industry

Lobster fishers want end to seismic air blasting

Nick Bielby

The valuable Bass Strait Se...
Stakeholder Engagement and Transparency

- **February 2014 – July 2015**
  - Consultation issues monitored and defined

- **August 2015 – June 2017**
  - NOPSEMA Stakeholder Engagement and Regulatory Transparency work program

- **28 February 2014**: EPBC Streamlining: public comment removed for exploration

- **July 2017 – present**
  - Transparency Taskforce established

- **Mid-2019**
  - Regulatory change: publication, public comment

**Timeline**
- 28 Feb 2014: EPBC Streamlining: public comment removed for exploration
- 20 Feb 2014 – July 2015: Consultation issues monitored and defined
- August 2015 – June 2017: NOPSEMA Stakeholder Engagement and Regulatory Transparency work program
- July 2017 – present: Transparency Taskforce established
- Mid-2019: Regulatory change: publication, public comment
• Targeted compliance action when justified
• Website improvements:
  – Activity status and summaries web page
  – Subscription service to EP status updates
  – Published decision notifications
• Published brochures and fact sheets
• Participated in offshore oil and gas open days
NOPSEMA actions 2016-17

- Participated in review of the adequacy of the consultation and transparency regulatory provisions
- Clarify and extend the EP Summary requirements
- Revised and published Statement of Reasons policy
- Published decision making guidelines
- Dedicated community information web page
NOPSEMA actions 2017-2018

• Initiated the Reference Case Project
  – Now led by NERA
• Community and Environmental Reference Group
• Support DIIS in developing process for EP public disclosure and comment
• Initiated first stage of environment assessment process review
  – Public comment until 20 July, nopsema.gov.au
  – Part of work stream 5
Assessment process review

Invitation to give us feedback:
• Environment plan assessment policy
• Environment plan content requirements guidance note
• Environment plan decision making guideline
• Environment plan summaries guideline
• Consultation requirements under the OPGGS Environment Regulations 2009 information paper

Online survey: nopsema.gov.au (see Latest News)
Anticipated changes to assessment

• Published information about NOPSEMA’s assessment
  – including how information received through public comment has been taken into account

• Upgrades to website to publish EPs in full and facilitate public comment on exploration activities

• Update NOPSEMA assessment process:
  – Maintain high quality, expert team-based assessments
  – Maintain risk/impact based approach to scoping assessments
  – Materiality against acceptance criteria
Australian Marine Parks

- Five management plans commence on 1 July: South-west, North-west, North, Temperate east networks and the Coral Sea MP.
- The management plans:
  - specify where certain activities are allowed, allowable and not allowed.
  - allow mining operations in specified zones, subject to a class approval from the Director of National Parks.
- EPs will still be needed and must be consistent with the management plans.
- NOPSEMA and Parks Australia are working on guidance to assist titleholders.
Efficiencies and community benefits for offshore petroleum environmental management
1. Introduce NERA
2. Reference cases: The story so far
3. Audience participation in review
Industry Growth Centres

- Industry led and independent
- Trusted brokers of innovation
- Drive productivity & competitiveness
- Transfer investment in knowledge & capabilities into commercial value & capacity here in Australia
- Connected to global export markets
The greater our knowledge increases the more our ignorance unfolds.

JFK
Most countries have adopted guidelines or “safe harbours” (i.e. “deemed to comply” provisions) in conjunction with performance-based regulations (2002).
## Drivers for change

### The story of growing inefficiencies

### Developing an EP is:
- **uncertain** activity authorization for titleholders
- **Confusing** for relevant persons during consultation
- A **long and demanding** process for all involved

### The EP product itself is becoming:
- Lengthier, more variable, and more **complex**
- A source of **competitive advantage** in some circumstances
- **Demanded** by communities and their representatives for close scrutiny
- **Disclosed** to a different and pessimistic audience

### Wide-scale EP improvements are challenging because:
- **Collaboration is difficult** due to little margins in time and staggered projects
- There is too much **risk upgrading** an EP product that works
- Low oil price equals **cost (and resource) pressure**
Trail a solution to growing dissatisfaction and inefficiencies in the environmental approvals process

Recognized the potential that reference cases have to address the knowledge priorities for the industry
Proof of concept: the benefits of hindsight

Outline proof of concept
- Target low level issues
- Industry players only
- Set objectives of trial
- Accept uncertainty of end-point

Select topics and types
- Sewage
- Anchoring
- Diesel spills
- Vessel noise

Scoping
- Collaboratively with NOPSEMA
- Establish review process

Prepare document
- Trialed different levels of completion
- Extensive industry review

Formal review
- Public comment
- NOPSEMA advice
Don't start from scratch. Start with a Reference Case.

A NERA project

Subscribe at https://referencecases.nera.org.au
Proof of concept: Review

- APPEA/NERA to jointly review project
- Purpose of review is to outline the next steps and future direction of the project
- Interviews, questionnaires, workshops
- Titleholders, NOPSEMA, fishers, eNGOs, consultants, government departments
- Published reference cases being submitted to NOPSEMA in parallel
- Consultants report available online
Proof of concept: Experience

- Higher quality outputs expected than what is currently accepted
- Similar environmental management captured in hugely variable language
- Variations in environmental performance difficult to reconcile
- General agreement across industry for the need for change
- Different interpretations of legislative requirements in each company
- Lack of trust between industry/NOPSEMA inhibited engagement
- Numerous issues raised throughout the project with few alternative solutions offered
Reference case project

An opportunity to contribute to the review...

- Inputs are anonymous
- Keep inputs professional
- Results available for download at conclusion
Proof of concept: Review

- Review ongoing until 20 July 2018
- Recommendation report prepared by 3 August
- APPEA, NERA, and NOPSEMA to consider actions during August
- If you want to participate in the review email contact@nera.org.au
- Information communicated via reference case website – subscribe online for updates.
What type of organization do you represent?

- Oil and gas company: 42%
- Oil and gas contractor/consultant: 32%
- Government: 18%
- University: 1%
- Mutual company user (e.g., insurer): 3%
- Non-government not-for-profit: 4%
- Other: 1%
What is your role in the environmental approvals process?

- Author: 23
- Reviewer/Approver: 19
- Risk Owner: 6
- Project Manager: 8
- Regulator: 7
- Consultant: 8
- None: 13
In one word how would you describe the environmental approvals process?

complex, long, complicated, opaque, uncertain
To what extent are you aware of...

- The reference case website: 3.3
- The reference case concept: 3.8
- The published reference cases: 2.9
What should the purpose of an Environment Plan be?

- Help to manage impacts and risks: 85%
- Attain approval to undertake a petroleum activity: 7%
- Record the reasons that an activity is acceptable: 4%
- Justify environmental management practices: 5%
In your experience what is the purpose of an Environment Plan?

- Help to manage impacts and risks: 20%
- Attain approval to undertake a petroleum activity: 60%
- Record the reasons that an activity is acceptable: 10%
- Justify environmental management practices: 9%
In your opinion what are the top three potential benefits of reference cases?

- Collaborative continuous improvement: 39
- Standardization: 61
- Focus on approvals on critical issues: 37
- Identifies knowledge gaps: 24
- Defining acceptable levels of impact/risk: 61
- IP transparency before submission: 17
Should reference cases be a mandatory or a voluntary consideration in the approval process?

- Mandatory: 22
- Voluntary: 62
Is regulatory 'endorsement' of reference cases valuable to you?

- Yes: 74
- No: 11
Should future reference cases go through a public comment process?

- Yes: 65
- No: 21
To what extent do you think that reference cases could address the issues you experience with the environmental approvals process?
To what extent do you agree with the following statements?

- Reference cases will enhance the approval process: 6.5
- Reference cases should be developed by industry in consultation with those affected by oil and gas activities: 7.6
- Reference cases need a non-regulatory peer review process: 7.5

Strongly disagree

Strongly agree
What type of reference cases would be most useful to you?

- Environmental assessment processes: 8
- Standardization of EP content: 26
- Stakeholder focus: 8
- Supporting studies & research: 4
- Standardization of good practices: 37
- Other: 1
Industry readiness review and work plan

Andrew Taylor – Associate Director, APPEA
Improving environmental knowledge and outcomes

Andrew Taylor, Associate Director
60 Full Members
131 Associate
Global Partners
What have we done...
what are we trying to achieve...
and where are we going.
Our thinking on stages of improvement

- Stakeholder Input
- Coordinated Scientific Program
- Consistent Approach to Environmental Management
- Improved Knowledge and Outcomes

2-3 YEARS
Industry Stakeholders
## Coordinated Scientific Program

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Improving consistency

Context  Impacts  Environmental Performance Outcomes
Improving knowledge and environmental performance outcomes
ataylor@appea.com.au

REACH OUT
Session close

Thankyou for attending