A regulator’s view: Trends in the offshore industry

Presentation to IFAP AGM

Stuart Smith, CEO
11 September 2019
2018–19 OFFSHORE ACTIVITY

**AUSTRALIA WIDE**

- **7 MOBILE OFFSHORE DRILLING UNITS**
  - May have conducted more than one activity in NOPSEMA’s jurisdiction and may have been in more than one state/NT adjacent area.

- **14 VESSELS**
  - May have conducted more than one activity in NOPSEMA’s jurisdiction and may have been in more than one state/NT adjacent area.

- **910 WELLS**
  - Covered under well operations management plans.

* Represents an activity adjacent to more than one state or territory.
Industry performance 2018-19

- Increasing industry capacity and complexity
- 24% decrease in offshore hours worked, returning to long-term average
- No fatalities but 4 serious injuries and 4 LTIs > 3 days
- 23 high potential near misses, down 21% from 29 in 2017-18
- 43 low-level releases up 34% from 32 in 2017-18
Industry performance 2018-19

• 14 environmental reportable incidents up 8% from 13 in 2017-18

• 379 dangerous occurrences up 4% from 366 in 2017-18

• 29 enforcement actions up 53% from 19 in 2017-18
• Late life assets divested changing financial and technical capacity

• Transition of asset arrangements problematic

• No perpetual liability or industry fund for offshore in Australia

• Approximately 300 wells not operational but not permanently abandoned
Other topical issues

• Great Australian Bight
  o Equinor proposal: 1 exploration well, community interest high

• Seismic
  o Fisheries, ENGO stakeholders remain concerned
  o Focus on potential for harm to commercial fish and protected species
  o APPEA working on policies for managing fishery impacts

• Offshore Renewables
  o Regulatory model needed: States and Commonwealth to collaborate
  o Arrangements typically follow offshore oil and gas regulatory models
Other topical issues

• Changing Risk Profiles
  o More complex projects
  o Additional capacity

• Changing Community Expectations
  o Rising expectations for transparency and consultation
  o Pressure on social licence to operate
  o Royal Commissions placing regulators under more scrutiny and shifting expectations on robust enforcement action
Oversight of NOPSEMA

- Regular independent oversight via Estimates, NOPSEMA Board etc

- Additional independent oversight in 2019/20 to include:
  - Chief Scientist Audit
  - Review of Safety Regulations
  - Review of NOPSEMA’s role under EPBC Act
  - Operational Review of NOPSEMA
  - Productivity Commission inquiry into Regulation affecting resources sector
  - Likely seismic Parliamentary Inquiry
• NOPSEMA thinks current balance is about right
• Seems to be standing up to scrutiny
• Compliance initiatives implemented (such as Compliance Committee oversight and short notice inspections)
• Further actions being considered (such as ‘deep dive’ and management inspections)