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Closing the Gap
The Interpretation of Risk: A Regulator’s View

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Introduction

• Do we all perceive risk the same?

• Does our view of risk change with the benefit we stand to gain?

• Does our view of risk change with the level of knowledge of the activity?
Some givens...

- Level of familiarity with risk assessment methods and processes
- Not a presentation about technical risk evaluation
What are the issues?

- Different audiences => different perspective => different context = different perception of risk

  ✓ person or organisation undertaking activity (creator)
  ✓ decision maker, local, state or federal govt (acceptor)
  ✓ environmental resource users, local communities, general public (receiver)
  ✓ eNGOs, general public (observer)
Risk acceptance

- Risk acceptability/tolerability
- Impact / Benefit

- Risk creator
- Risk acceptor
- Risk receiver – local community
- Risk receiver – resource users
- Risk observer – eNGOs
- Risk observer – public
<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Consequence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almost Certain</td>
<td>M</td>
</tr>
<tr>
<td>Likely</td>
<td>M</td>
</tr>
<tr>
<td>Possible</td>
<td>L</td>
</tr>
<tr>
<td>Unlikely</td>
<td>L</td>
</tr>
<tr>
<td>Rare</td>
<td>L</td>
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**Risk Creator**

- Low (L)
- Intolerable (E)

**Risk Observer**

- Tolerable (T)
- Intolerable (I)

**Consequence**

- Insignificant
- Minor
- Moderate
- Major
- Severe
Risk perception

perceived uncertainty of activity

perceived risk (+ outrage)

- risk creator
- risk acceptor
- risk receiver
- risk observer
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<td>Insignificant: L, Minor: L, Moderate: M, Major: M, Severe: H</td>
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2 key concepts

• The greater perceived benefit – greater the level of risk tolerability

• The greater the knowledge of the risk – greater the level of tolerability to the risk
A different lens
What does it mean

• Application to Australia’s offshore petroleum regulatory regime
  ➢ need to demonstrate that risks and impacts will be of an acceptable level
  ➢ should to consider:
    ✓ internal context (risk creator view)
    ✓ external context (stakeholder view)
    ✓ other requirements (laws etc)
To sum up

• Different stakeholders perceive activity risk through difference lens’

• Include external perspective in risk assessment and communication
  ✓ provides a stronger basis for demonstration of risk acceptability
  ✓ leads to greater external understanding – less outrage
  ✓ more efficient approval process
Acknowledgements & Questions