


# Regulatory focus, compliance strategy and current concern areas

## Presentation to the Risk Engineering Society

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3 June 2014

- A brief history
- Vision and mission
- Legislation and legal framework
- NOPSEMA approach to regulation
- Annual offshore performance report
- AOPR Data analysis
- 2013 and 2014 inspection focus areas
- Emerging issues

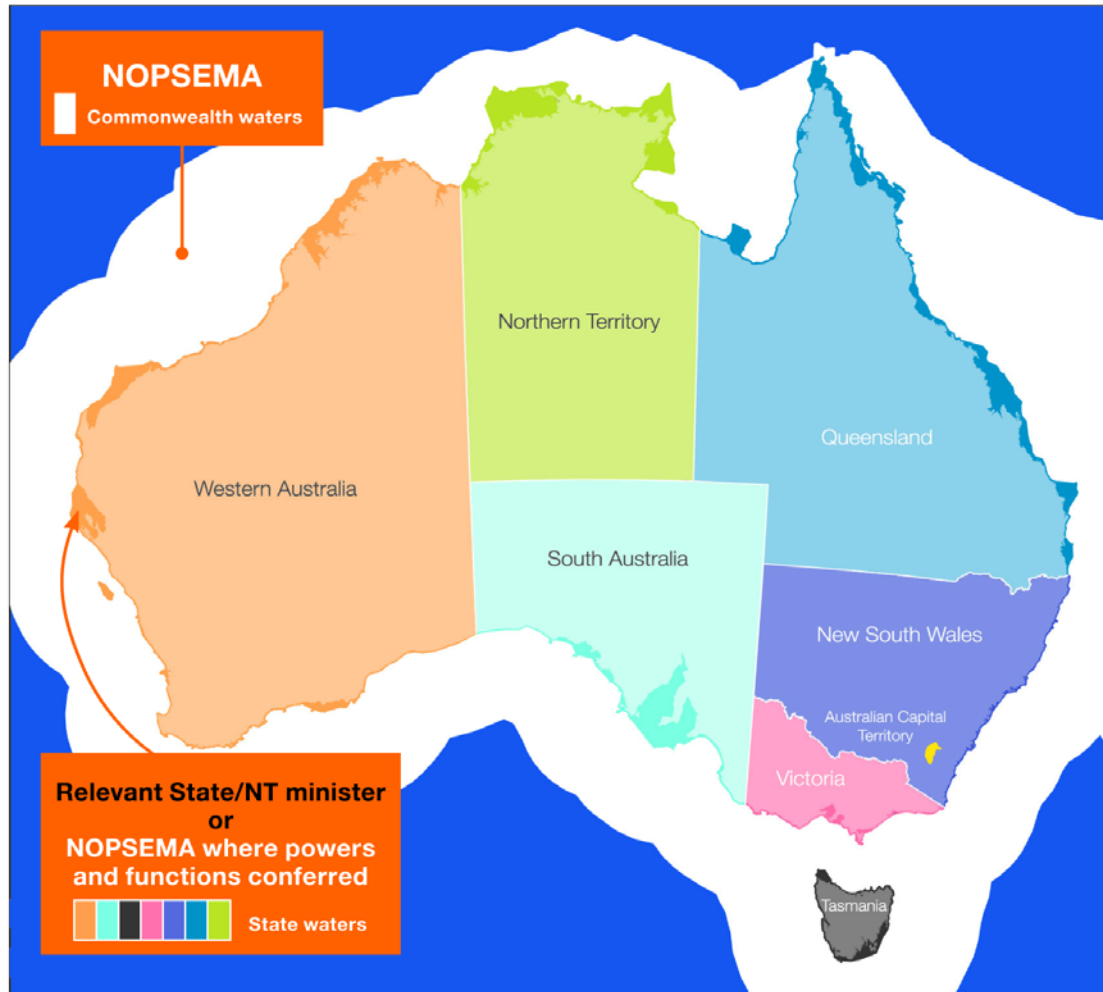
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- 1988** Piper Alpha disaster, North Sea, United Kingdom
  - 1996** Safety case regime enacted in Australia
  - 2001** COAG review recommended single Commonwealth offshore safety regulator
  - 2005** National Offshore Petroleum **Safety** Authority (NOPSA) established
  - 2006** *Offshore Petroleum Act 2006* introduced
  - 2009** PTTEP AA Montara blowout, Timor Sea
  - 2010** BP Macondo, Gulf of Mexico, United States
  - 2011** NOPSA regulation of **well integrity** commenced
  - 2012** National Offshore Petroleum Safety and **Environmental Management** Authority (NOPSEMA) established  
'Polluter pays' principle legislated (May 2012)
  - 2014** NOPSEMA endorsed as 'one stop shop' for environmental approvals (Feb 2014)

## **Vision**

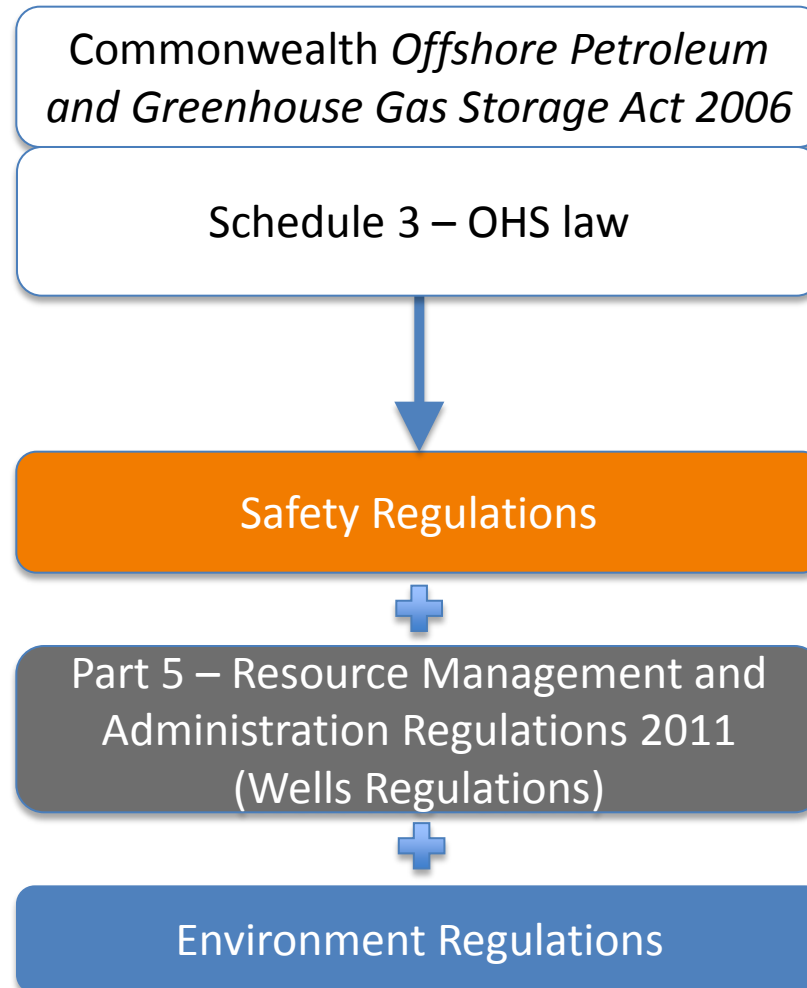
*Safe and environmentally responsible Australian offshore petroleum and greenhouse gas storage industries.*

## **Mission**

*To independently and professionally regulate offshore safety, well integrity and environmental management.*



Note: State and Northern Territory coastal waters conform more or less to the Australian continent and associated islands. Commonwealth waters extend seaward from the edge of the three nautical mile limit of designated coastal waters, to the outer extent of the Australian Exclusive Economic Zone at 200 nautical miles.



- ‘General Duties’ regime
- Performance-based (some prescriptive elements)
- Independent safety, integrity and environmental management authority
- Funded by levies on industry
- A duty holder’s management plan, accepted by NOPSEMA, is used as a ‘permissioning’ document:
  - Safety case
  - Well operations management plan
  - Environment plan.

- Operator of offshore petroleum facility is responsible for safe and effective operation
- Onus on industry to ensure and demonstrate to regulators that risks of an incident are reduced to ‘as low as reasonably practicable’ (ALARP)
- Not self-regulation by industry:
  - Industry must demonstrate to regulators
  - Regulators must assess and accept (or not accept) that risks of an incident have been reduced to ALARP.



- NOPSEMA established following recommendations of the Montara Commission of Inquiry
- NOPSEMA enforces an objective-based regulatory regime
  - Holds to account those that create the risk
  - Recognised as international regulatory best practice
  - Provides flexibility for offshore industry to drive continuous improvement in risk management

## Assessment

- Challenge operators: “Have you done enough?”

## Inspection

- Challenge operators: “Are you doing what you said you would do?”

## Investigation

- Challenge operators: “What wasn’t done? What can we learn?”

## Enforcement

- Action within powers under the Act and Regulations to secure compliance



	FUNCTIONS	STRATEGIES
COMPLIANCE	<p><b>Develop</b> and implement effective monitoring and enforcement strategies to secure compliance</p>	<p>Maintain and improve internal systems, processes and capabilities to ensure expert, consistent, and independent regulatory decisions in accordance with the OPGGSA and Regulations.</p> <p>Monitor and inspect for compliance with accepted regulatory plans and safety cases and, where necessary, take enforcement action.</p> <p>Maintain capability for appropriate regulatory crisis response.</p>
	<p><b>Investigate</b> accidents, dangerous occurrences and circumstances</p>	<p>Maintain internal capabilities and processes to ensure expert, consistent, and independent investigations are completed in accordance with the OPGGSA, Regulations and NOPSEMA systems.</p> <p>Communicate lessons learnt from incidents to industry.</p>

## IMPROVEMENT

**Promote** safety, well integrity and environmental management

Develop risk-based promotional programs.

Maintain robust, open and accountable relationships with industry stakeholders in relation to submission and assessment of regulatory plans and safety cases and broader regulatory functions.

Further develop early engagement with industry on facility/ activity proposals.

**Advise** on safety, well integrity and environmental management matters

Develop and publish guidance notes to assist stakeholders with preparation of regulatory plans and safety cases.

Actively engage with industry and other stakeholders to provide guidance on interpretation of the Regulations.

Develop policy on advice to stakeholders.

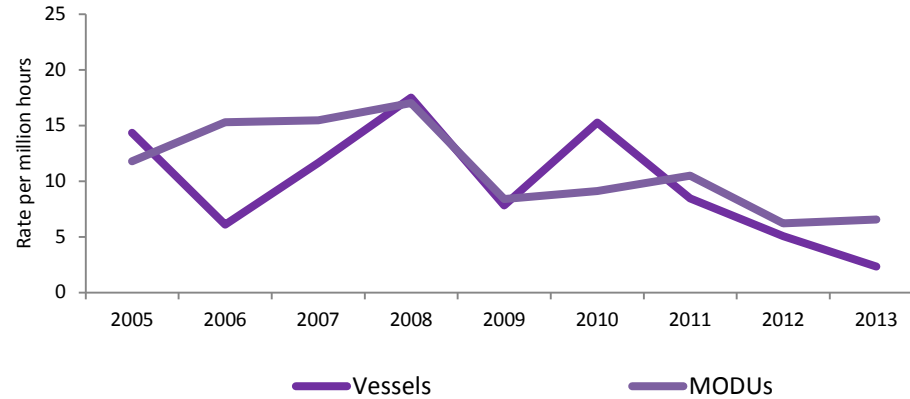
<b>GOVERNANCE</b>	<p><b>Report</b> to the Commonwealth minister and each responsible state/NT minister</p>	<p>Provide strategic advice to ministers, departments, agencies and NOPSEMA advisory board</p>
	<p><b>Cooperate</b> with other agencies performing functions relating to offshore petroleum operations and activities</p>	<p>Work with government stakeholders to streamline regulatory processes.</p> <p>Promote standardisation of offshore legislation.</p> <p>Provide basis for ongoing conferral of functions in state/NT waters.</p> <p>Further develop international regulatory relationships.</p>
	<p>Provide efficient, effective, economical and ethical <b>Corporate Support</b> to facilitate delivery of legislated functions</p>	<p>Develop people, processes and systems that support our vision.</p> <p>Human resource strategy to attract and retain high calibre staff.</p> <p>Foster a strong risk management culture.</p> <p>Continuous business productivity improvement.</p>

**Annual offshore performance report**  
Regulatory information  
about the Australian  
offshore petroleum industry

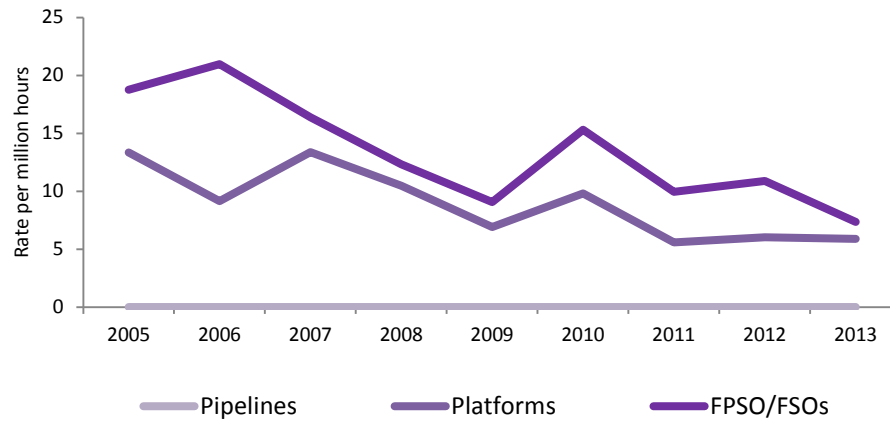
to 31 December 2013



## Total recordable cases for mobile facilities



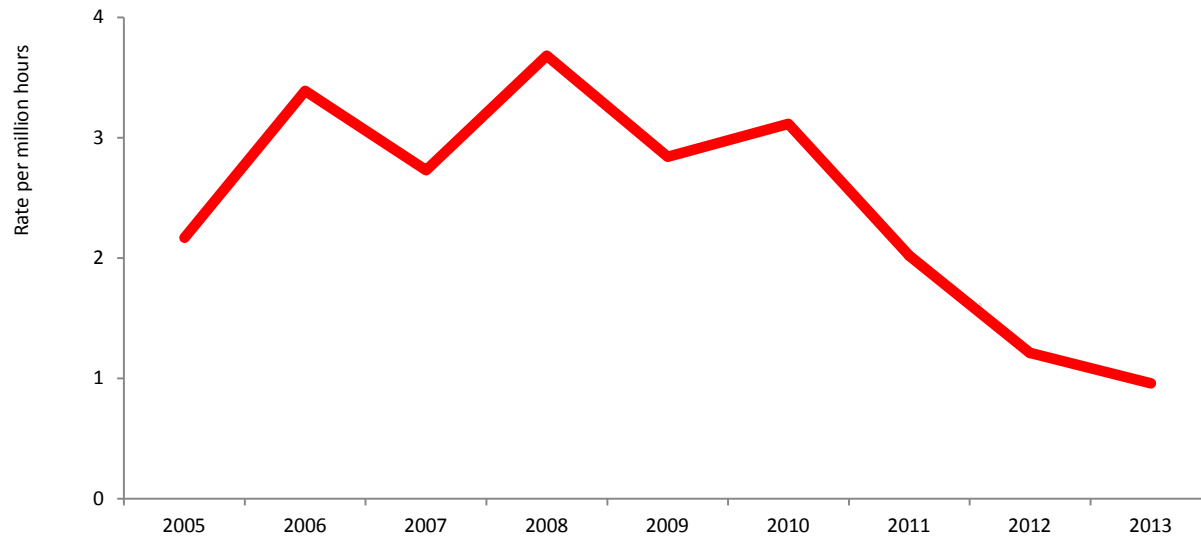
## Total recordable cases for fixed facilities



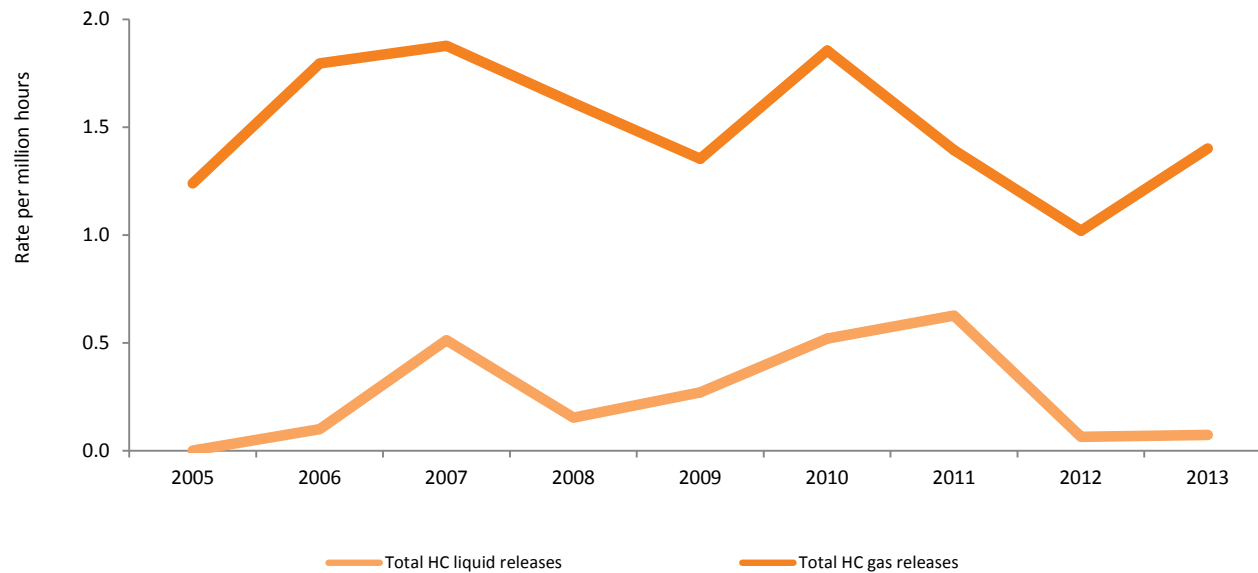




## Accidents



**Uncontrolled hydrocarbon releases - OHS**



- Industry needs to pay greater attention to managing the impact of different work circumstances
  - MODUs consistently account for the highest number of injuries suffered by the offshore workforce across all facility types
- Consistent incident root causes means industry isn't putting enough focus on these areas to reduce risk
  - Design specifications, preventive maintenance and procedures
- Managing ignition sources better is critical to safety and the prevention of major accident events.
  - NOPSEMA made 113 recommendations and issued 14 improvement notices and two prohibition notices during its topic-based inspection on control of ignition sources - hazardous area equipment

<b>Technical controls</b>	<ul style="list-style-type: none"><li>• <b>Hazardous area equipment</b></li><li>• <b>Application of well barrier policy</b></li><li>• <b>Escalation (response plans)</b></li></ul>
<b>Performance standards</b>	<ul style="list-style-type: none"><li>• <b>Implementation of controls to specified performance standards</b></li><li>• <b>Lack of developed performance standards and associated integration into testing/inspection / maintenance regimes</b></li><li>• <b>Commissioning and start up</b></li></ul>
<b>Process safety</b>	<ul style="list-style-type: none"><li>• <b>Maintenance management</b></li><li>• <b>Asset integrity</b></li><li>• <b>Management of change</b></li><li>• <b>Internal auditing (remove reliance on NOPSEMA)</b></li></ul>

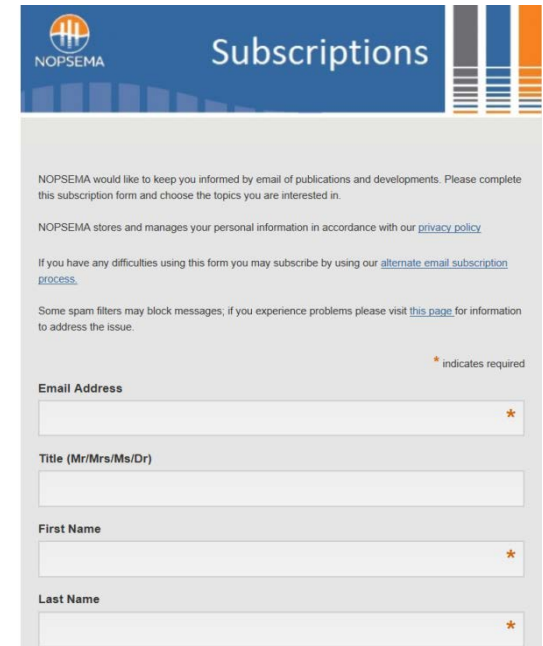
- Contribute to the Government's agenda for reducing regulatory burden on industry
  - Identifying opportunities for improvements to the regime (wells, design notification, financial assurance, decommissioning, exiting the regime) and to NOPSEMA's processes (data analysis, cost recovery)
- Focus on building NOPSEMA high performance culture, recruitment and workforce planning
  - External impacts from Commission of Audit, budget, whole-of-government processes, industry activity.

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- Safety Alerts
- Media releases

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