

Introducing NOPSEMA

November 2018

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is the regulator for health and safety, well integrity and environmental management for offshore oil and gas activities in Commonwealth waters and in coastal waters where regulatory powers and functions have been conferred.

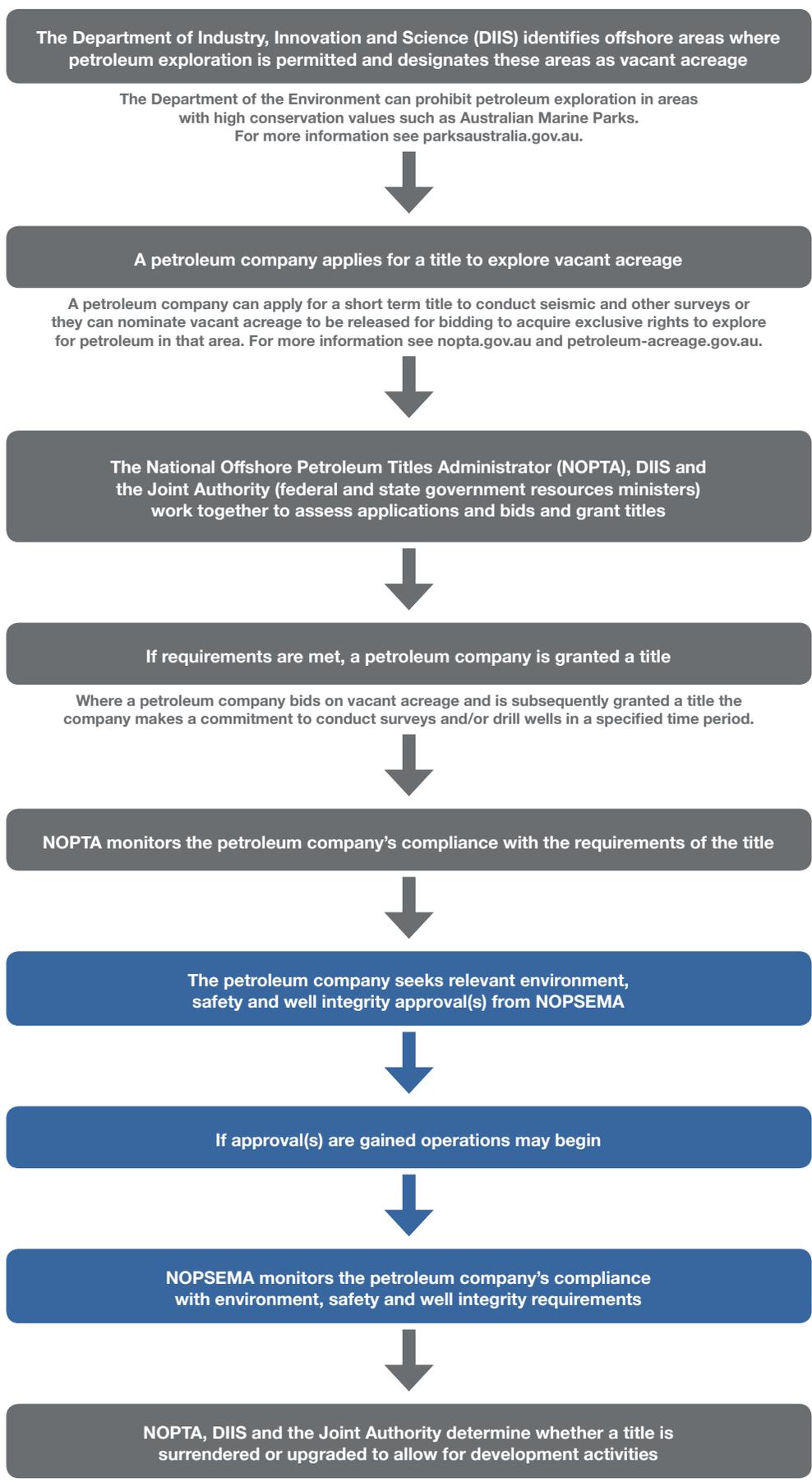


The offshore petroleum exploration approval process

The infographic below provides a broad overview of the approval process for all offshore petroleum exploration activities in Commonwealth waters.

Legend

- NOPSEMA's remit
- Outside of NOPSEMA's remit



Our history

In 1999, the Australian Government commissioned a review into the adequacy of offshore safety regulation in Australia. The review sought to examine the day-to-day regulation of offshore safety which, at the time, was carried out by the states and the Northern Territory using a combination of prescriptive and goal-setting legislative rules. A key recommendation of the review was that the existing regulatory and legislative framework be revised to establish a single regulator for offshore safety. The recommendation was accepted by all state and Northern Territory governments and, in 2005, the National Offshore Petroleum Safety Authority (NOPSA) was established as the sole regulator for offshore safety in Commonwealth waters.

While much had been achieved to improve offshore safety in Australia, in the years that followed NOPSA's establishment a number of major offshore accidents became the unfortunate catalyst for further change. In 2008, a high pressure 12 inch export sales gas pipeline ruptured and exploded on the beach of Varanus Island off the coast of Western Australia. Another parallel pipeline then ruptured directing fires towards the onshore processing plant and causing several associated lines to rupture and ignite. In 2009, a failure of the Montara H1 well integrity barriers in the Timor Sea, north of Australia, led to an oil spill and gas leak that lasted 74 days. A fire eventually destroyed the wellhead platform and the *West Atlas* jack-up drill rig. In 2010, the *Deepwater Horizon* drilling rig suffered a loss of well control and major blowout in the Gulf of Mexico. The accident killed 11 workers and led to the worst oil spill in US history lasting 87 days.

In 2010, the Australian Government commissioned an inquiry into the Montara blowout. The review made a strong recommendation for the existing framework to be revised again so that a single independent regulatory body be established to regulate offshore safety, well integrity, and environmental management. The recommendation was accepted by the Australian Government and, in 2011, NOPSA's remit was expanded to include the regulation of well integrity. On 1 January 2012, that remit further expanded to include the regulation of environmental management. To reflect its new responsibilities, NOPSA became NOPSEMA. In February 2014, following a detailed and comprehensive assessment, the Minister for the Environment endorsed NOPSEMA's environmental management authorisation process. The endorsement confirmed NOPSEMA as the sole environment regulator in Commonwealth waters by expanding its remit to include matters protected under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

NOPSEMA's effectiveness to bring about improvements in offshore health and safety, well integrity and environmental management is independently reviewed every five years. The first review was undertaken in 2015 and found NOPSEMA 'to be demonstrating the characteristics of an effective regulator.' The next review is scheduled for 2020.

Our establishing legislation

NOPSEMA is an independent statutory authority established under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGG Act). NOPSEMA's principal functions are as follows:

- to promote the occupational health and safety (OHS) of persons engaged in offshore petroleum operations or offshore greenhouse gas storage operations
- to develop and implement effective monitoring and enforcement strategies to ensure compliance under the OPGGG Act and regulations
- to investigate accidents, occurrences and circumstances relating to OHS, well integrity and environmental management
- to advise on matters relating to OHS, well integrity and environmental management
- to make reports, including recommendations, to the responsible Commonwealth minister and each responsible state and Northern Territory minister
- to cooperate with other Commonwealth and state or Northern Territory agencies or authorities having functions relating to regulated operations.

Our jurisdiction

NOPSEMA regulates all offshore areas in Commonwealth waters, which comprise those areas beyond the first three nautical miles (approximately 5.5 kilometres) of the territorial sea.

NOPSEMA also regulates all offshore areas in coastal waters where a state or the Northern Territory has conferred regulatory powers and functions. In jurisdictions where powers to regulate are not conferred, regulatory responsibilities remain with the relevant state or territory.

As of November 2018, Victoria continues to be the only jurisdiction to have conferred its functions for the regulation of health and safety and structural integrity to NOPSEMA. Discussions regarding the conferral of powers continue with other jurisdictions.

The Joint Petroleum Development Area in the Timor Sea is regulated by the National Petroleum Authority (Autoridade Nacional do Petróleo) of Timor-Leste on behalf of the Australian Government and the Government of Timor-Leste.

Our functions

NOPSEMA assesses risk management plans, inspects to monitor compliance, investigates to verify and learn from non-compliance, takes enforcement action to correct and deter non-compliance and promotes and advises with the objective of fostering continuous improvement in industry performance.

Assessment

When a company wishes to commence an offshore petroleum activity, it must first submit the relevant risk management plans to NOPSEMA for assessment and approval. Key risk management plans can include a safety case, well operations management plan, diving safety management system, diving project plan, offshore project proposal or environment plan.

Dedicated assessment teams, comprised of highly qualified and experienced technical experts, assess each risk management plan against strict criteria as set out in the OPGGS Act and its regulations.

To be approved, a risk management plan must clearly demonstrate how a company plans to undertake an offshore petroleum activity while protecting the health and safety of the workforce and reducing environmental risks and impacts.

Inspection

When a company commences an offshore petroleum activity, NOPSEMA will conduct regular inspections of the activity to ensure the company is complying with the OPGGS Act, its regulations and the accepted risk management plans.

NOPSEMA plans inspections in consideration of the risks specific to the petroleum activity, the performance and compliance history of the company in waters regulated by NOPSEMA, and any applicable industry-wide incident trends. Where necessary, NOPSEMA conducts ad-hoc inspections with little to no notice; for example, to investigate reported incidents or workforce complaints.

When NOPSEMA completes an inspection, it provides the company with a detailed report of its findings, conclusions and recommendations. Recommendations generally detail a timeframe for matters to be addressed. In subsequent inspections, NOPSEMA will verify if the company has taken the necessary actions to address its recommendations but may request such actions be provided to it before this time.

Investigation

When there is a potential breach of the OPGGS Act, its regulations or an accepted risk management plan, NOPSEMA will investigate to determine what happened, how it happened and what course of corrective action is warranted.

Typically, an investigation is initiated based on the review of a notifiable incident, a workforce complaint or information provided by a third-party.

Initial investigative actions may include meeting with the responsible parties and/or undertaking a targeted inspection. If NOPSEMA verifies a breach has occurred, then it will seek to correct that breach by providing advice, issuing recommendations or taking the appropriate enforcement action.

When a potential breach results in death or serious injury, or demonstrates repeated non-compliance, then NOPSEMA's independent Investigation Team may commence a detailed investigation. The team will investigate matters with the objective of holding the responsible parties to account; up to and including referring the matter to the Commonwealth Director for Public Prosecutions.

Enforcement

When a company breaches the OPGGS Act, its regulations, or one of its accepted risk management plans then NOPSEMA may take enforcement action to rectify the breach, hold the responsible parties to account, and/or provide deterrence to the industry.

Typically, enforcement action is taken based on information discovered during an inspection or following an investigation into a reported notifiable incident, workforce complaint or information provided by a third-party.

There are a range of enforcement actions available to NOPSEMA enabling it to select an appropriately proportionate, targeted and effective measure to pursue. This includes issuing an improvement or prohibition notice, requesting a revision or withdrawing acceptance of a risk management plan, issuing a direction or pursuing prosecution.

Where NOPSEMA takes enforcement action it does so in a transparent, efficient and consistent manner according to the principles of procedural fairness.

Promotion and advice

NOPSEMA recognises effective regulation benefits from meaningful communication and engagement. As such, NOPSEMA proactively seeks to engage with its stakeholders to provide advice and promote continuous improvement. This is achieved through liaison meetings, hosting workshops and information sessions, delivering presentations, participating in conferences and forums, publishing regulatory guidance and information on NOPSEMA's website and in publications such as *the Regulator* and *Annual offshore performance report*.



Stakeholder engagement

NOPSEMA undertakes a number of initiatives to engage with stakeholders including:

- implementation and maintenance of a stakeholder engagement framework
- proactive promotional campaigns and implementation of strategic improvement programs
- publishing comprehensive regulatory guidance, policies, alerts and other information
- participation in relevant stakeholder and community events to support our social licence to regulate
- direct engagement with industry and the offshore workforce to drive improved outcomes in health and safety and environmental performance
- strengthening relationships with state and Australian Government agencies to ensure good regulatory outcomes
- collaboration with international regulatory counterparts to share industry insights and lessons learned.

Should you wish to get in touch with NOPSEMA visit nopsema.gov.au/contact.

Our vision

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

Our purpose

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

Our values

- *Professionalism* – we will be accountable, consistent, reasonable and act in accordance with the law.
- *Ethics* – we will demonstrate respect and integrity in all we do.
- *Impartiality* – we will make our decisions on the merits of the circumstances.
- *Leadership* – we will be proactive, inclusive and decisive in our conduct as a pre-eminent regulator.
- *Collegiatly* – We will act on and make informed decisions through open and respectful dialogue.

Our governance

Appointed by the responsible Commonwealth resources minister, NOPSEMA's Chief Executive Officer (CEO) has overall responsibility for the management of NOPSEMA. The CEO must have regard to the advice and recommendations of the NOPSEMA Advisory Board.

NOPSEMA reports, as appropriate, to the responsible Commonwealth state and Northern Territory resources ministers on major investigations and annually to the Commonwealth Minister for the Environment on its environmental management performance under the endorsed EPBC Act arrangements.

Every five years, NOPSEMA is subject to an independent operational review of its regulatory performance and its performance as the sole environment regulator for offshore petroleum activities in Commonwealth waters.

Our legislation

Offshore Petroleum and Greenhouse Gas Storage Act 2006

Environment Protection and Biodiversity Conservation Act 1999

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003

Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009

Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009

Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011

Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004





NOPSEMA

Further information

NOPSEMA publishes policies, guidance notes, guidelines, and information papers at nopsema.gov.au.

The Offshore Petroleum and Greenhouse Gas Storage Act 2006, subsidiary regulations and the *Environment Protection and Biodiversity Conservation Act 1999* are available in full at comlaw.gov.au.

Legislative requirements not administered by NOPSEMA can be obtained from:

- The Department of Industry, Innovation and Science at industry.gov.au
- State/Northern Territory department at directory.gov.au
- The National Offshore Petroleum Titles Administrator at nopta.gov.au.

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