



THE HON. MADELEINE KING MP
MINISTER FOR RESOURCES
MINISTER FOR NORTHERN AUSTRALIA

MS22-000596

Mr Stuart Smith
Chief Executive Officer
National Offshore Petroleum Safety and Environmental Management Authority
GPO Box 2568
PERTH WA 6000

Dear Mr Smith

I am writing to you to outline my expectations of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

The economic and social environment in which NOPSEMA operates

The Australian Government recognises the importance of Australia's resources sector as a key driver of the Australian economy and our long term prosperity. A number of significant events have affected the global resources and energy sector over the past 6-12 months, with the most significant being the Russian invasion of Ukraine and the ongoing impacts of the COVID-19 pandemic. Despite this ongoing and challenging backdrop, Australia's resource and energy exports have continued to perform strongly.

To support the continued growth of Australia's resources, energy and manufacturing sectors, and the Government's 'value-adding in resources fund', NOPSEMA plays an important role in maintaining the reputation and integrity of Australia's offshore sector through the full use of its regulatory powers, fostering consistent and efficient regulatory practices, providing certainty and encouraging investment. To this end, I expect NOPSEMA to consider the broader social, economic and commercial environment in which it operates.

My key priorities include, but are not limited to:

- Ensuring Australia's offshore safety regime remains world leading to protect the safety of the workforce at all times;
- Ensuring the resources sector supports the Government's plan to reduce Australia's emissions by 43 per cent by 2030, to support net zero by 2050;
- The management, and decommissioning and remediation, of the Laminaria and Corallina oil fields and the associated infrastructure;
- Ensuring Australia's offshore oil and gas decommissioning and remediation framework is robust with all necessary safeguards in place;
- The development of the Government response to the 2020 review of the operation of NOPSEMA and subsequent implementation of any accepted recommendations;

- A review of Australia's offshore petroleum oil spill response and preparedness framework.

I expect NOPSEMA's full support to be given to me, the Government and my department to ensure the above are prioritised within NOPSEMA and that all NOPSEMA personnel are constructively and collaboratively working with all parties involved. This expectation also extends to policy development and review processes and subsequent implementation of the outcomes. To this end, you are to ensure that your organisation maintains alignment between NOPSEMA's operational policies and processes and those of the Government, including ensuring your proposed or updated operational policies and practices meet the Government's objectives. Where there is any ambiguity, you are to raise this with me for clarification at the earliest opportunity.

Culture, practices, accountability and transparency

NOPSEMA is a corporate Commonwealth entity established under the Commonwealth *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act), with its core functions outlined in section 646 and Part 6.9 conferring functions and powers. NOPSEMA also has powers and functions conferred on it under other Commonwealth legislation. I expect NOPSEMA to exercise all of its legislative powers consistent with government policy and to make merit-based decisions based on the material evidence and facts with which it is presented.

I expect you to ensure that all levels and all divisions within NOPSEMA adopt a whole of system perspective in, continuously improving efficiency, performance, capability and culture to build trust and confidence in Australia's offshore oil, gas and greenhouse gas storage regulatory settings, while remaining flexible and responsive to changing circumstances.

Key to maintaining its social licence, is an industry that has a mature culture and a focus on the wellbeing and safety of its workforce, including effective management of psychosocial hazards and risk factors. I expect NOPSEMA take a leadership role in fostering and promoting the importance of workplaces that are safe, respectful, and inclusive. I expect NOPSEMA to maintain a focus on ensuring the workplaces it regulates have adequate management systems to prevent, and deal with, any incidents of harassment of any kind including sexual harassment.

The industry which NOPSEMA regulates is evolving and I expect NOPSEMA, its personnel, practices, thinking and policies to evolve with the industry. I expect NOPSEMA to undertake its regulatory functions in a manner that will increase accountability, promote leading practice, build the professionalism of NOPSEMA and support cultural change within NOPSEMA.

A strong, safe and content workforce is the lynch pin of any successful organisation. I expect you to ensure that NOPSEMA is an employer of choice by providing a workplace environment, culture and opportunities that will attract and retain talent. I expect you to ensure NOPSEMA has a culture of professionalism and you are to embed a culture of continuous improvement in all aspects of the organisation. I further expect that you will have regard to the relevant elements of the Governments 'secure Australian jobs' policy when undertaking recruitment and other corporate organisational activities that relate to this policy.

NOPSEMA is to be transparent, responsive and regulate in a modern and collaborative way, to promote a regulatory framework that encourages continuous improvement in safety, structural and well integrity and environmental risk management by the offshore petroleum and greenhouse gas storage industries.

I expect NOPSEMA to keep informed of technological changes and advancements for the offshore oil, gas and greenhouse gas storage industries and ensure its regulatory processes and systems can appropriately accommodate these changes, in advance.

As a regulator, I expect NOPSEMA to:

- Promote the regulatory framework to encourage continuous improvement across the offshore oil, gas and greenhouse gas storage industries;
- Maintain a focus on process safety and prevention of major accidents and events;
- Maintain a focus on the protection of the marine environment and managing risks to As Low As Reasonably Practicable ('ALARP');
- Adopt and maintain an effective risk-based framework to compliance monitoring and enforcement, allowing for proportionate responses to risks suited to their size, nature, and complexity;
- Be a cost efficient and cost effective regulator who manages the impost it imposes on the industry, and its fees, levies and charges, in an appropriate and sound long term manner. This includes ensuring an evidence based approach is followed before seeking my agreement to any increases;
- Proactively look for opportunities to remove duplication, streamline its processes, reduce regulatory burden and associated costs, improve efficiency and lift the productivity of NOPSEMA;
- Proactively employ regulatory tools to ensure compliance and risk mitigation in relation to the offshore petroleum and greenhouse gas storage sector;
- Have in place a sound information management system that records regulatory decisions, including the rationale and supporting evidence for a decision.

Organisational business

In accordance with legislative requirements to develop a corporate plan, I expect this to be developed in consultation with the NOPSEMA Board to seek its advice and recommendations, with my department and for you to provide it to me for my consideration and response prior to publishing.

I expect you to lift the performance of NOPSEMA and to adopt a consistent and whole of organisation, risk-based approach to administering regulation. Poorly administered regulation and 'regulatory creep' through standard operating procedures, cultural norms and internal policies can impose unnecessary costs and create uncertainty. I expect you to conduct regular reviews of NOPSEMA's operational policies, processes, procedures, strategies and cultural barriers to identify areas for improvement. This will reduce regulatory and administrative burden on the offshore industry, increase the efficiency of NOPSEMA and assist you in lifting the overall performance of NOPSEMA. As part of the review process, I expect you to consult with, and to seek the views of, the NOPSEMA Board.

Prior to implementing the outcomes of these reviews, you are to provide a report to me that outlines the findings of the review; the measurable actions NOPSEMA proposes to adopt as a result and to outline how you intend to demonstrate to me that these actions will improve NOPSEMA's regulatory activities, improving efficiency, lifting productivity and meeting my expectations.

Engagement

As the responsible Commonwealth Minister for NOPSEMA, I expect that you are proactive in keeping myself and my office, informed of significant actions, events, incidents or issues. NOPSEMA is also expected to be proactive and to formally raise any issues with my department and to be part of the solution process.

NOPSEMA is a corporate Commonwealth entity, under my portfolio of responsibilities that has insights into, and expertise on, offshore oil, gas and greenhouse gas storage activities. I expect NOPSEMA to work collaboratively with my department so that government and ministerial briefing, advice and policy canvasses all relevant issues and sensitivities and encompasses a whole of portfolio perspective. NOPSEMA is expected to continue to provide notice to my department, ahead of time, of any significant announcements, events or about NOPSEMA's intentions to participate in government processes, such as parliamentary inquiries, to ensure a consistent whole-of-government approach can be taken.

NOPTA

I expect NOPSEMA to foster a collaborative and sound working relationship with NOPTA to maintain a seamless operating environment for the oil and gas industry to reduce cost without compromising regulatory integrity and outcomes. The Act provides for the sharing of information between the Titles Administrator, NOPSEMA, the Joint Authorities, the Secretary of my department and with me, to support the smooth functioning of the framework. I expect NOPSEMA to share information and in particular, to work with NOPTA to identify and address any operational policy, culture or process barriers that might prohibit this from occurring. I expect you to engage with the NOPSEMA Advisory Board throughout this process and to provide me with a report outlining your findings and proposed solutions.

The NOPSEMA Board

The expertise of the NOPSEMA Board is balanced and diverse so that it can effectively support you as the CEO of NOPSEMA and advise me on matters, if requested. I expect you to proactively seek the board's advice and recommendations on NOPSEMA's operational policies and strategies. This will also support the board in efficiently and effectively exercising its functions under section 654(1) of the Act, which is to give advice and make recommendations to the CEO about the operational policies and strategies to be followed by NOPSEMA in the performance of its functions.

I also expect NOPSEMA, to seek advice from the NOPSEMA Board on strategic matters, which enable the industry to take a cost-effective approach to its regulatory functions, while maintaining safety, integrity and environmental management outcomes, and to ensure NOPSEMA is considering all view points on matters to inform the most suitable path forward.

Other government agencies

The marine environment is multi-use in nature and enables industries and activities to co-exist. NOPSEMA has a vital role in building collaborative partnerships with other agencies to promote the offshore oil, gas and greenhouse gas storage regulatory settings and ensure a seamless environment for all multi use activities in the marine environment. To that end, I expect NOPSEMA to continue to engage, maintain or build these collaborative relationships with other operational agencies, such as the Australian Maritime Safety Authority and the Department of Climate Change, Energy, the Environment and Water. In addition, as a government entity I expect NOPSEMA to engage, where appropriate, across government to support the Government's policies and priorities.

Statement of Intent

I would appreciate your response to this letter in the form of a Statement of Intent (SoI) within two months. The SoI is to outline how, as CEO, you will ensure you meet my expectations, including timeframes for doing so and how you intend to report to me on NOPSEMA's performance and progress made towards meeting my expectations.

For clarity, implementation of and publication of this SoE is not to occur until you have considered how you will implement my expectations. Once the SoE and SoI have been published, both will take effect from the date of the SoI. This approach will ensure holistic and considered information is published to minimise any potential concerns from stakeholders.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Madeleine K.', with a stylized flourish at the end.

Madeleine King MP

27 / 6 / 2022