

Chair	Ken Fitzpatrick	Minutes	
Participants	Trish Kerin (TK); Melinda Hodkiewicz (MH); Anthea Tinney (AT); Chris Blackmore (CB); Andrew Hopkins (AH); Stuart Smith (CEO)		
Present	Agenda item 8 –Marie Illman (MI), General Manager, Offshore Resources [Department of Industry, Science Energy and Resources Observer] Agenda Item 10 – Cameron Grebe (CG), Head of Division, Environment; [REDACTED]		
Apologies	Nil		

ITEM	TOPIC
1.	Welcome and apologies
	[REDACTED] commenced the meeting at 9am. [REDACTED] were present in the meeting room, with [REDACTED] participating via video conference.
2.	Disclosure of interests / conflict of interest declarations
	No new items were declared. [REDACTED]
3.	Confirmation of minutes of Meeting 35
	[REDACTED] stated the agenda item incorrectly referenced meeting 34 instead of 35. The minutes of meeting 35 were accepted without change.
4.	Actions and issues arising
	<p>The action items were reviewed, with the following comments made:</p> <ul style="list-style-type: none"> Item 7, Meeting 31: to be converted to a standing agenda item with updates to be provided on an alternating basis by NOPSEMA Safety and Environment divisions, commencing with Safety in 2021. [REDACTED] to determine whether an update for well integrity should be a stand-alone discussion or included with the safety division update. Item 8, Meeting 31: The draft offshore safety report is expected in early 2021. This item can be closed. Item 7, Meeting 33: The [REDACTED] provided a verbal update on his discussions with Equinor. The matter was also discussed at Agenda Item 8. This item can be closed. <p>The remaining items were either completed, due to be discussed at this meeting or were for discussion at the first meeting of 2021.</p> <p>ACTION: [REDACTED] to provide an update on insights from inspections at the first meeting of 2021.</p>
5.	Correspondence for noting
	Noted.
6.	For Information: Update from Board members

	<ul style="list-style-type: none"> • [REDACTED] thanked [REDACTED] and [REDACTED] for their contribution to the process safety paper. • [REDACTED] stated IChemE had published a paper on managing process safety during Covid-19 and had participated in a number of virtual conferences relating to process safety. • [REDACTED] advised [REDACTED] would be meeting with Equinor to discuss how to manage process safety in the oil and gas sector and would be meeting with BHP Minerals to discuss the importance of process safety to major accident events. [REDACTED] noted that the term 'loss of control' is now often preferred to the term 'loss of containment'. • [REDACTED] provided an overview of a major accident event in Port Hedland where a ship's main engine exploded following the removal of a safety control by an engineer resulting in catastrophic damage to the vessel and injuries to the engineer.
7.	<p>For Information: [REDACTED] Report – including NOPSEMA Quarterly Report and update on recent developments (including Walker Review, draft decommissioning policy and Operational review)</p>
	<p>The reports tabled by [REDACTED] were taken as read. [REDACTED] provided a verbal update on current developments including:</p> <ul style="list-style-type: none"> • Woodside had been joined to the Improvement Notice issued to Ensco regarding the uncontrolled movement of equipment that resulted in a broken foot to a worker. • An Improvement Notice had been issued to Woodside regarding the failure to maintain the Nganhurra riser turret mooring (RTM). This follows a Direction that had been issued in May where a chamber in the mid-depth buoy had not been maintained properly and flooded. A result of the failure to maintain the RTM is that it cannot now be safely removed. Woodside have submitted an environment plan for it to remain and become an artificial reef, which has the support of Recfishwest. [REDACTED] added this scenario has attracted media attention and NOPSEMA may be placed in the awkward position of continuing with the enforcement action in relation to the Direction to maintain the RTM despite approving the recently submitted EP. • A Direction may be issued to Jadestone in relation to a spill that occurred while filling a shuttle tanker at the facility. [REDACTED] advised that once a vessel is connected to a facility it becomes part of a petroleum activity and is therefore regulated by NOPSEMA. Prior to connection the vessel is the responsibility of the Australian Maritime Safety Authority. • Remedial directions may be issued to Eni in relation to the sale of assets. • Technip have appealed the decision to have their matter in relation to the diving safety breach heard in the Magistrates Court (rather than the Supreme Court) and a new hearing date is to be advised. In response to a query, [REDACTED] advised that the probable reasons for Technip continuing to appeal decisions is in relation to minimising reputational damage. [REDACTED] agreed NOPSEMA should continue to pursue the matter in conjunction with the CDPP. • The next hearing for the DoF Subsea matter will be 9 February 2021. • [REDACTED] • There were two lines of questions from the recent Senate Estimates hearings. The first related to whether [REDACTED] had consulted [REDACTED] before deciding to issue the Direction that shut down the Northern Endeavour [REDACTED]. [REDACTED] stated that [REDACTED] had not been consulted prior and that DISER had confirmed this was not the role of NOPSEMA. The other question related to the potential impact of seismic surveys on munitions dumps [REDACTED] [REDACTED]). [REDACTED] advised that the seismic survey could not have detonated munitions on the sea floor. • NOPSEMA's role under the EPBC Act, as undertaken during the Operational Review, had found NOPSEMA was a competent, professional regulator and its role under the EPBC Act should continue. NOPSEMA had strong support from [REDACTED] and will continue to be given an expanded role with the Environment Department in relation to matters such as sea-dumping, Scope III emissions and as the regulator for offshore renewables. • The Seismic Inquiry hearing scheduled for November had been cancelled. They were now expected to re-commence in 2021.

- A review of NOPSEMA's committees and structures was progressing and was expected to be completed by March.
- Feedback had been provided by Deloitte on the outcomes of the Operational Review. Deloitte found that NOPSEMA had a complex range of stakeholders, some of whom do not understand the difference between policy and regulatory matters. Deloitte stated NOPSEMA had made considerable improvements in relation to stakeholder engagement since the previous review however opportunities for improvement existed in areas such as: communicating why particular enforcement tools were used; developing a client record management system (CRM); more coordinated approaches to compliance across the agency (e.g. joint inspections), and digitisation, particularly for well integrity permissioning documents. Deloitte found additional capacity (personnel) would be required in the well integrity division until digitisation occurred.
- [REDACTED] had largely completed the annual industry liaison meetings with industry CEO's. Four key policy topics of Covid-19; decommissioning; activism and greenhouse gas are discussed as they relate across industry and then at individual company level.
- The tripartite meetings with NOPSEMA, industry and the unions as established for Covid-19 remained positive, with all parties wanting to continue the format.
- The number of hours worked offshore had decreased in March/April by approximately 30% and has subsequently risen but is not back to pre-Covid levels. There was concern the reduced hours would impact on general maintenance backlogs and NOPSEMA was focusing inspections on this area.
- The draft decommissioning policy is expected to be released imminently for consultation, prior to presentation to [REDACTED]. [REDACTED] noted that one of the drivers for the policy was to prevent incidents such as with NOGA from occurring again and ensure that responsibility for similar incidents do not end up with [REDACTED] or DISER. [REDACTED]
[REDACTED] As a result, the following scenarios were likely to occur:
 - NOPSEMA is likely to be given the responsibility for administering financial assurance for decommissioning and possibly other activities. [REDACTED] stated this would be a significant additional role for NOPSEMA and the expertise to carry out this function did not currently exist within NOPSEMA. In response to a query, [REDACTED] stated DISER were aware additional funding would be required for NOPSEMA to undertake the function however it was not apparent when or how this would be made available.
 - [REDACTED]
 - [REDACTED] observed that the additional roles and functions being transferred to NOPSEMA were a result of it being seen as a competent, independent regulator.
- The draft decommissioning policy also include reference to trailing liabilities, similar to that used in the United Kingdom where NOPSEMA could issue a remedial direction in relation to asset transfers. If the new asset owner subsequently went into liquidation the direction would ensure the former owner remains liable. The Board noted this should result in greater scrutiny of the financial assurance of potential buyers of assets.
- NOPSEMA had been given establishment funding of \$1.4 million over two years in relation to taking on responsibility for offshore renewables. Industry would be thereafter charged a levy for activities.
- It was now accepted by [REDACTED] that NOPSEMA must have regard to Scope III emissions under existing legislation.
- [REDACTED] noted some of the current funding and staffing impacts to NOPSEMA as:
 - Offshore Renewables: establishment funding had been received and building capability was in progress
 - Decommissioning / s572 (remedial directions): no additional funding provided even though capability is to be established. NOPSEMA would seek to include funding via levy increases.

	<ul style="list-style-type: none"> ○ Financial Assurance: [REDACTED] was working on a project plan, with the next stage being to establish a small team to work on this responsibility. No funding had been provided. ○ Northern Endeavour: limited funding to be recovered despite considerable expenditure by NOPSEMA to date. Reimbursement for the secondee to the Taskforce may be possible. ○ Wells: Deloitte will recommend additional staff are required however there is no funding available. ○ Levy Increases: NOPSEMA had sought to have levy increases introduced in 2020, however these did not progress due to Covid-19. They will be pursued for 2021, with substantial increases needed to fund the additional responsibilities as previously noted. [REDACTED] added that while NOPSEMA's cash reserves were currently sufficient, without significant levy increases or other funding, they would be severely impacted. ○ The Board noted that the additional responsibilities as outlined would be a significant change for the leadership team, requiring them to build capacity and develop skills in these new areas. There are obvious risks to NOPSEMA's reputation as a competent and professional regulator if the transition is not adequately resourced. The Board agreed to provide feedback to [REDACTED] that appropriate funding and resources be made available upfront to enable NOPSEMA to execute the new responsibilities effectively. <p>The Board discussed that the increasing complexity of NOPSEMA's functions to include matters such as titles and financial assurance may warrant a re-consideration of whether the role of the Board should remain as an Advisory Board or transition to a Governing Board. [REDACTED]</p> <p>[REDACTED]</p> <p>It was noted that one of the learnings from the Macondo incident was that the regulator should not also be responsible for the sale of titles.</p> <p>ACTION: NOPSEMA to circulate an example of the presentation used by [REDACTED] in [REDACTED] meetings with industry CEO's.</p>
8.	<p>For Information: Policy Update</p>
	<p>[REDACTED] joined the meeting by Teams video conference at 11:30am. The report was taken as read and [REDACTED] provided additional comments as follows:</p> <ul style="list-style-type: none"> • The Department had undergone a restructure, with a new Manufacturing Division created in addition to taskforces for Gas and for Liquid Fuels and a Covid Response Division. • The Department was working on a long term strategy for the Northern Endeavour. An MOU had been signed with NOPSEMA for a secondee for the Northern Endeavour Taskforce which was working well. • The Decommissioning Framework had been sent to [REDACTED]. It was hoped it would be released by the end of 2020. • Ten submissions had been received for the Offshore Safety Review and a Stakeholder Safety Group meeting would be held in December 2020. The final policy framework is expected to be provided to [REDACTED] for approval in early 2021. • A draft of the Operational Review is expected to be provided to NOPSEMA for fact checking in the next few days, with the final report due to DISER prior to Christmas. It was then anticipated to be tabled in Parliament in 2021. [REDACTED] made the observation that Deloitte had not provided a strong sense of understanding of the role of the NOPSEMA Board when they had met with the Board. [REDACTED] noted the concerns. • Both NOPSEMA and DISER's appearance at the Senate Inquiry into the impacts of seismic testing had been postponed and will now be likely to recommence in early 2021.

	<ul style="list-style-type: none"> • NOPSEMA's work in coordinating a framework to manage interactions between seismic operators and fisheries was commended. • The Department was closely monitoring the impact of the low oil price on industry and will continue to monitor projects assessed to be at financial risk. • Suggestions for additional Board members were welcomed. [REDACTED] would also discuss with [REDACTED] in a few weeks. • [REDACTED] noted a podcast relating to the Northern Endeavour would be released this week. <p>[REDACTED] enquired whether there would be a 'lessons learnt' exercise undertaken on the actions in the Great Australian Bight, particularly around Equinor's stakeholder engagement. [REDACTED] advised that a stocktake covering ten years of activities in the Great Australian Bight (GAB) had been completed which could be provided to the Board. [REDACTED] added there were still active titles in the GAB. [REDACTED] noted the High Court challenge in Norway in relation to drilling in the Arctic and the potential impact to the health of Norwegian citizens.</p> <p>[REDACTED] asked if there was a timeline for when the quality assurance exercise in relation to orphan wells would be completed. [REDACTED] advised there is now a full list of wells and their current status (i.e. plugged and abandoned, suspended etc.) however this information needed to be transferred into the National Offshore Petroleum Information Management System (NOPIMS). This was a significant amount of work that would continue through 2021 and required further information from both NOPSEMA and NOPTA.</p> <p>In response to a query, [REDACTED] advised that there was currently no legislative pathway for an offshore facility to transition into a wind farm.</p> <p>Discussion took place regarding the reduction in the number of hours worked offshore and the potential this raised to create latent hazards due to the deferral of maintenance activities. It was noted that a significant number of technical and engineering roles had been made redundant during 2020 which raised concerns in relation to the decline in expertise of onshore support to offshore operations in the industry. The Board noted that the low oil price also presented a financial risk to some activities.</p> <p>[REDACTED] left the meeting at 12:15pm.</p> <p>ACTION: DISER to provide outcomes of the ten year stocktake of activities in the GAB.</p>
9.	<p><i>For Discussion: Update on standardised reporting of leading indicators for both safety and environment monitoring (final report for February 2021)</i></p>
	<p>[REDACTED] thanked the sub-committee for their work in preparing the paper and invited feedback and comments. Discussion included the following:</p> <ul style="list-style-type: none"> • The Baker panel survey on process safety was an interesting report and appeared it could be suitable for use in the Australian offshore oil and gas regime. • Industry CEO and executive bonuses could be tied to staff completing safety tasks or projects as well as overall safety performance. • Indicators of financial stress required further thought as while information was readily available for public companies, it was not for private ones. It was noted that cash in the bank was an extremely important indicator of potential financial stress. • [REDACTED] stated the APPEA indicators were potentially useful however noted that past efforts to pursue this information suggested it needs to be mandated. Companies have typically been unwilling to adopt different reporting requirements and there has been a lack of support from Government to mandate reporting against the standards. [REDACTED] stated that the need for process safety indicators and mandatory reporting had been discussed with Deloitte during the Board's interview as part of the Operational Review. It was noted that the APPEA measures had been agreed by industry, so there should not be resistance from industry to their use. • It was agreed the benefit of this type of reporting would be in identifying trends over time as the data currently provided does not allow this. Trends could be identified for individual facilities rather than across industry as a whole, which would be beneficial.

	<ul style="list-style-type: none"> Major job cuts (particularly at senior management level) could be used as a trigger to conduct an executive oversight inspection. These type of inspections would be carried out by a Head of Division and another inspector. [REDACTED] <p>Board members were asked to provide any further thoughts to the working group team who will prepare a final report for discussion at the meeting in February.</p>
10.	<p>Presentation: Overview of Environment Performance including performance, risk, areas of concern, inspection focus areas and feedback on EPBC review</p>
	<p>[REDACTED] joined the meeting at 1:40pm. [REDACTED] provided an overview and background to NOPSEMA's role in administering part of the EPBC Act under delegation from the [REDACTED] that forms the 'EPBC Program'. It was noted:</p> <ul style="list-style-type: none"> The Program removed layers of duplication for some activities The Program provided consistency for titleholders in their engagements with a sole regulator for oil and gas projects Program commitments contain prescriptive requirements derived from the EPBC Act which cascade down to duty holders NOPSEMA reports annually to the [REDACTED] and has established good working relationships with the Department of Agriculture, Water and the Environment (DAWE), including Parks Australia and the Australian Antarctic Division The Program includes a requirement for independent reviews of the Program. The first in 2015 found that NOPSEMA met all commitments and the second has been included with the five yearly Operational Review of NOPSEMA. <p>Current challenges include:</p> <ul style="list-style-type: none"> The Program cannot be amended, which hampers legislative reform under the OPGGS Act There is inherent heavy reliance on EPBC data and documents which are owned/controlled by DAWE EPBC documents are written for many different audiences and purposes, making interpretation difficult and to apply to Environment Impact Assessments and decision making, which is a key challenge for industry Some EPBC documents are static for long periods (10 years), so they become out of date very quickly and are unable to incorporate contemporary research or monitoring data but compliance with them is required There are no standard environmental indicators or reporting requirements. <p>The Board discussed that it would be beneficial if the Environmental Performance Reports submitted to NOPSEMA were made publically available. [REDACTED] advised a request had been made to DISER to have a policy regarding this however it had been overtaken by more pressing issues requiring their attention. The Board agreed transparency of reporting would assist to lift standards by industry.</p> <p>[REDACTED] advised that the bill for the creation of an offshore renewables Act was being drafted and was expected to be tabled in February 2021. [REDACTED] added that approval for the creation of a new team in the Environment Division had sought from the NOPSEMA Leadership Team to manage this new function.</p> <p>[REDACTED] left the meeting at 2:35pm.</p>
11.	<p>For Discussion: NOPSEMA Corporate Plan 2020-25</p>
	<p>There were no questions arising from the Corporate Plan. It was noted that having the 'plan on a page' was an appropriate way to present the information.</p>
12.	<p>Any Other Business</p>

	<ul style="list-style-type: none"> • [REDACTED] advised a minor update was required to the Board Policy document to remove a reference to a Board Constitution, as this did not exist. [REDACTED] to circulate the revised document for approval out of session. • The meeting dates for 2021 were confirmed as being suitable to all members. • [REDACTED] noted that [REDACTED] • [REDACTED] advised it still appeared unlikely that travel for the next Board meeting would be practical in February 2021 as border restrictions may be introduced at short notice. • [REDACTED] discussed whether the Board should have a Code of Conduct document. [REDACTED] advised that a copy of the Bowen Committee Code of Conduct is included in the induction pack for new members. The Australian Public Service Code of Conduct and values information would also be applicable to Board members. <p>ACTION: [REDACTED] to circulate update an updated Board Policy document for approval.</p> <p>ACTION: [REDACTED] to circulate the Bowen Code of Conduct and APS Code of Conduct information to members.</p>
13.	Board only discussion
	[REDACTED] left the meeting at 2:40pm and returned at 3pm.
14.	Review of action items and items for letter to [REDACTED]
	<p>[REDACTED] stated the Board were pleased with the level and type of discussion and requested that a summary of the [REDACTED] verbal update be included in the minutes.</p> <p>Items to be included in the letter to [REDACTED] were noted as being:</p> <ul style="list-style-type: none"> • The review of process safety (as discussed at item 9) • The continuation of the tripartite discussions between NOPSEMA, unions and industry • The Board's concern regarding the addition to NOPSEMA's functions and responsibilities and the subsequent resourcing impacts on both staffing and funding • The approximately 30% reduction in the number of hours worked offshore and the potential increase on backlogs of maintenance activities • Matters associated with the EPBC Act (as discussed at item 10) such as the benefit that publishing environmental performance reports would have on improving the transparency of industry environmental outcomes • Decommissioning and renewables. <p>[REDACTED] requested Board members to provide suggestions for new members that could be forwarded to DISER. It was noted the growing complexities of NOPSEMA's activities meant that individuals with technical expertise in areas such as finance may be required to help support the Board and NOPSEMA.</p>
	Close
	<p>[REDACTED] thanked members for their participation and closed the meeting at 3:15pm.</p> <p>Next Meeting – Wednesday 24 February 2021</p>