



# 2020 Review of the Operations of National Offshore Petroleum Safety and Environmental Management Authority

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## Terms of Reference

### NOPSEMA

In 1999, the Australian Government commissioned a review into the adequacy of offshore safety regulation in Australia. At the time, the states and Northern Territory carried out day-to-day offshore safety regulation in Commonwealth waters. The review recommended the establishment of a national petroleum safety regulatory authority.

Federal, state and Northern Territory ministers accepted the review's recommendation and in 2005, the Australian Government established the National Offshore Petroleum Safety Authority (NOPSA) to regulate the health and safety of workers on offshore facilities. New laws were also introduced stipulating the duty of the facility operator to manage offshore petroleum safety.

Following the 2009 Montara incident, a Commission of Inquiry found a series of failures that led to the spill incident. The failures were predominantly attributed to the operator, however, the inquiry also found and strongly recommended 'a single, independent body should be created and be made responsible for regulating the health and safety, well integrity and environmental management aspects of offshore petroleum operations'.

In April 2011, the Australian Government extended NOPSA's remit to include the regulation of well integrity. Shortly thereafter, on 1 January 2012, responsibility for regulating offshore environmental management was added to NOPSA's existing functions and NOPSEMA was established.

In February 2014, NOPSEMA became the sole Commonwealth environmental management regulator for offshore oil and gas activities when the Minister for the Environment endorsed NOPSEMA's environmental management authorisation process under the *Environment Protection and Biodiversity Conservation Act 1999*.

The combination of the regulation of safety, well integrity, and environmental management under a single independent regulator is considered globally to be leading practice.

## Outcomes

The operational review is being undertaken eight years on from the expansion of NOPSEMA and five years on from the last operational review. This operational review is considered to be important because it comes at a time of considerable change in Australia's oil and gas industry and is an opportunity to consider whether key institutions in the regulation and oversight of Australia's offshore oil and gas industry are operating effectively and are equipped to deal with future challenges.

## Terms of Reference

In accordance with section 695(1) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Act), the 2020 review of operations of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) must include an assessment of the effectiveness of NOPSEMA:

1. In bringing about improvements in:
  - a. The occupational health and safety of persons engaged in offshore petroleum operations or offshore greenhouse gas storage operations.
  - b. The structural integrity of facilities, wells and well-related equipment.
  - c. Offshore petroleum environmental management.
  - d. Offshore greenhouse gas storage environmental management.

In the context of the Act and regulations, including the legislated functions of NOPSEMA, this review will consider, assess and provide recommendations in relation to:

2. NOPSEMA's progress in achieving the objective of the Endorsed Program Report under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) of ensuring all offshore petroleum and greenhouse gas storage activities are carried out in a manner consistent with the Object of the Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009.
3. Review the actions of both parties required under the 2017 Program Administrative Arrangements and provide advice on if all commitments are being met.
4. The effectiveness of NOPSEMA's compliance, monitoring and enforcement activities. This should consider:
  - a. the process for reporting related matters to the Responsible Commonwealth Minister (where relevant), and the Joint Authorities (where relevant)
  - b. The appropriateness and effectiveness of NOPSEMA's internal arrangements concerning compliance.
5. The effectiveness of NOPSEMA in co-operating with NOPTA, as well as other Commonwealth, state and Northern Territory agencies on matters related to the administration and enforcement of the Act and its associated regulations.
6. The effectiveness of the Australian Government's accepted and implemented recommendations from the 2015 review of NOPSEMA's operations.

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7. The role of the NOPSEMA Board and its efficiency and effectiveness in performing its functions, as outlined in section 654 of the Act, to contribute to the performance of NOPSEMA in carrying out its functions.
  - a. This should consider the recent ANAO recommendations on improving the effectiveness of government boards.
8. The effectiveness, management and performance of NOPSEMA in:
  - a. making information publicly available to meet community expectations and the ease of use and access to the information
  - b. contributing to and maintaining community confidence that appropriate regulatory oversight is in place through transparent assessment and enforcement activities
  - c. providing timely information and advice to the Minister in responding to community concerns and other matters as they arise.
9. NOPSEMA's engagement and relationships with external parties, including federal, state and territory government bodies, industry, other stakeholders and the NOPSEMA Board, to improve regulatory outcomes in an objectives-based regulatory environment.
10. This should also consider the level of international engagement by NOPSEMA.
11. The current cost recovery arrangements, commensurate with the functions of NOPSEMA and size of the industry.
12. An assessment of the capacity and capability of NOPSEMA, including current staffing arrangements and its structure, commensurate with its functions, to respond to varying levels of industry activity and to new technologies and other emerging issues.
13. Identify potential opportunities where NOPSEMA can reduce operating costs and streamline corporate functions, to reduce the financial and regulatory burden on industry.

## Related reviews

This review should have regard to the findings of related reviews including the:

- 2008 NOPSA operational review and government response
- 2011 NOPSA operational review and government response
- 2015 NOPSEMA operational review and government response
- 2014 ANAO Report into the Establishment and Administration of NOPSEMA
- Relevant senate inquiry reports
- 2014 Streamlining Offshore Petroleum Environmental Approvals Program Report
- 2015 NOPSEMA EPBC Act streamlining review
- 2019 ANAO Audit Insights – Board Governance
- 2019 Report of the independent audit of NOPSEMA's consideration of exploration in the Great Australian Bight by the Chief Scientist.