



**Society of Petroleum Engineers
Distinguished Lecturer Program
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In relentless pursuit of offshore safety: **A Privileged Perspective**

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 **NOPSEMA** - National Offshore Petroleum Safety and Environmental Management Authority

Australia’s offshore energy regulator



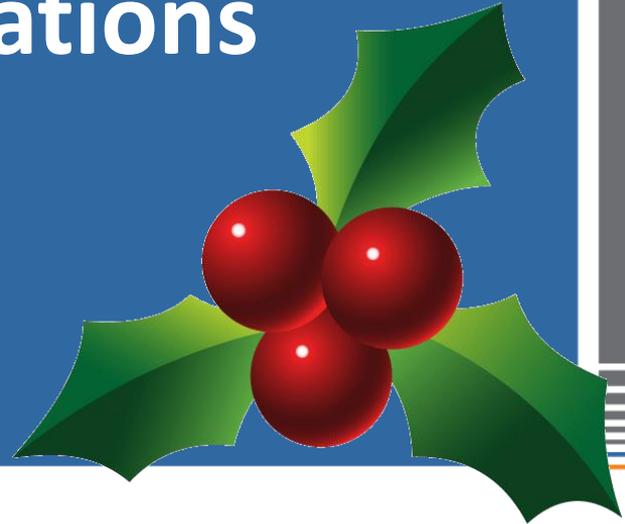
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Beyond Compliance 2.0...

..... Changing Expectations

Society of Petroleum Engineers meeting
Perth 17 December 2019

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Head of Division, Safety and Integrity





'We're not perfect': Regulators admit mistakes, promise to get tough

APRA 'unsure' of exec pay role

The Wood Royal Commission unleashed an extraordinary investigation that swept through the **NSW Police Force like a tsunami.**

How can I tell my patients they'll be fine in a nursing home? Our trust in the industry was misplaced
royal commission hears

Regulators in race to be toughest cop on corporate beat

Calls for APRA, ASIC to answer to mega regulator to end the banking scandals

IOOF at war with its regulator

AGED CARE ROYAL COMMISSION: In explosive evidence, regulators who pay "lip service" to the welfare of the elderly but are so desensitised to poor care

19 April 2018
Banking royal commission: AMP executive says company put profits before the law

Chastened APRA to investigate enforcement failures

findings of the royal commission into the home insulation program are "grave" and detail a "litany of failures"

DAY OF RECKONING BANKING ROYAL COMMISSION FINAL REPORT

'Sorry' not enough

HAYNE'S KEY MOVES

REFERRALS
ASIC, NAB, Commonwealth, Suncorp, Allianz, AMP and Cbus/Aviva among 20 referrals to regulators for possible criminal or civil action

Watchdogs trusted to fix mess



Royal Commission – the fallout

- Regulators under scrutiny
 - Commission findings
 - trial by media
- Shifting expectations
 - robust enforcement lacking
- Rising interests
 - more transparency
 - cooperation and information sharing



- Operations
- Corporate systems
- Culture
- Risk appetite
- Expertise
- Governance



What do we need to know?

Royal Commission: Banking

Messages for Regulators.....

- Build public trust and confidence
- Drive cultural change
- Powers to intervene to ensure risk is controlled
- Courage to intervene

Offshore petroleum experience

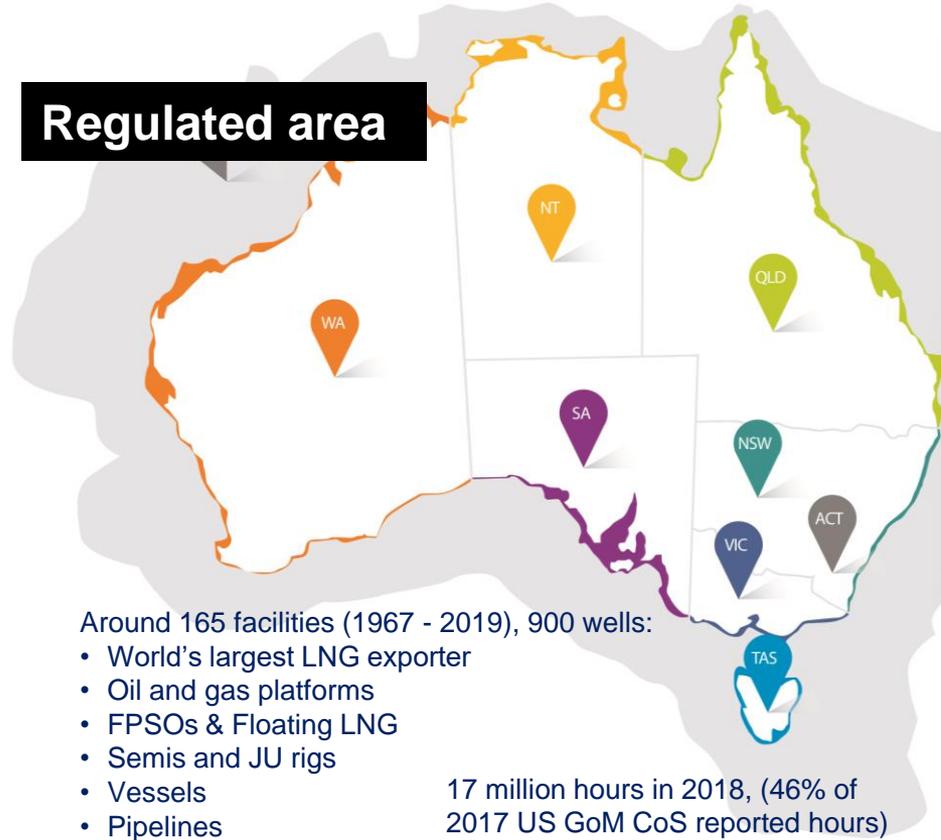
- Piper Alpha (1988)
- Montara (2009)
- Macondo (2010)
- International case for change



All too often there had been signs of danger which had not been recognised – or acted upon – to prevent those accidents or limit their extent (Lord Cullen)

Australia's offshore activities

Regulated area



Around 165 facilities (1967 - 2019), 900 wells:

- World's largest LNG exporter
- Oil and gas platforms
- FPSOs & Floating LNG
- Semis and JU rigs
- Vessels
- Pipelines

17 million hours in 2018, (46% of 2017 US GoM CoS reported hours)



Who's watching the watchdog?

NOPSEMA's experience

- Chief Scientist Audit: 2019
- Review of Safety Regime: 2019 - 2020
- Review under EPBC Act: 2015, 2019
- Senate Red Tape Inquiry: 2017
- Multiple parliamentary inquiries (OHS, regulatory burden, industrial deaths): 2014 - 2018
- Operational Review: 2011, 2015, 2020



Global challenges & local market trends

- Ageing assets and operator change
- Increasing complexity and oversight
- Changing workforce and engagement



Growing attention

- Community expectations - media scrutiny
- Engaged workforce on safety issues
- Increase in Freedom of Information disclosures

Focus forward

- Public trust in regulators
- Consult stakeholders – raise awareness, educate
- Information sharing across the sector



Trends observed

- Maintenance vs production
- Capital projects “complete” for milestone target, significant field remedial works necessary
- Indefinite “temporary abandonment” of wells; suspension of production facilities
- Reverse-ALARP
- MoC: manage risk to company vs people or environment

Key improvement areas

PATHWAYS TO IMPROVEMENT

Find One
Fix Many

FOCUS AREAS

PREVENTING

major accident events

PREVENTING AND MANAGING

loss of well control

IMPROVING

incident response and spill source control

IMPROVING

oil spill preparedness arrangements



PAST

Analyse previous incidents and high potential events to test for risk to As Low As Reasonably Practicable in assessments and inspections.



PRESENT

Examine and share learnings from current non-compliances, incidents and best practices to prevent future occurrences and enhance existing good practice.



FUTURE

Address transparency expectations. Remove unnecessary regulatory burden and improve efficiency. Look elsewhere for better practices and tools to apply.

- Are we using what we know about industry culture to target risks, threats and harms effectively?
- Do we have the necessary regulatory toolkit to encourage the right culture for the individuals and entities we regulate?
- Are we meeting expectations that we will deter and prevent harm through our compliance monitoring and enforcement activities?
- What happens when we lose public trust?

What does good look like?



Take-aways and tips

- Manage social expectations
- Act early – be proactive, not the spectator
- Revisit risks – ensure appropriate identification and mitigations
- Organisational capability
- Learning from lessons; change culture
- Meet challenges going forward

Questions?

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