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Home Affairs
Critical Infrastructure Reforms

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PROTECTING CRITICAL INFRASTRUCTURE AND SYSTEMS OF NATIONAL SIGNIFICANCE

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) has reviewed the Consultation Paper prepared by the Department of Home Affairs on 'Protecting Critical Infrastructure and Systems of National Significance' and provides additional information on the regulatory role of NOPSEMA with regards to Australia's Energy Sector and associated critical infrastructure.

About NOPSEMA

1. NOPSEMA is the national regulator for health and safety, well integrity and environmental management for offshore petroleum activities in Commonwealth waters and in coastal waters where regulatory powers and functions have been conferred. The conferral of powers for offshore petroleum safety has already occurred in Victorian waters and is under consideration by other jurisdictions in Australia.
2. Establishment of NOPSA¹ in 2005 and then NOPSEMA in 2012, recognised the benefits of having a single national, independent, expert regulator that applies a consistent approach to the regulation of offshore petroleum activities in Australia.
3. In 2012, NOPSEMA was established with the support of the federal, state and Northern Territory governments as an independent statutory authority under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act). A single agency brings efficiencies through economies of scale, uniform procedures and greater consistency in the interpretation and application of regulations and guidelines, and reduction in regulatory burden on industry.
4. NOPSEMA administers the OPGGS Act and its associated regulations. The legislation represents the Government's national policies and strategies on the safety, well integrity and environmental management of offshore petroleum activities.
5. NOPSEMA's regulatory approach is to influence, oversee and enforce, to assure the protection of lives and the environment. It does not extend to policy development, resource promotion or the regulation of economic factors like the issuing of exploration, acreage, petroleum resource management, taxation or royalties. These responsibilities rest with other government agencies to provide a level of independence and to avoid the potential for a conflict of interest.
6. NOPSEMA maintains a critical mass of expertise of more than 70 highly trained specialists with extensive qualifications and practical experience in the offshore petroleum industry, covering

¹ National Offshore Petroleum Safety Authority (NOPSA).

OHS, engineering, well integrity and environmental management. This staffing unit is the largest concentration of offshore petroleum expertise in Australia for regulating offshore oil and gas. The specialists are supported by a further 30 professionals² dedicated to legal services, stakeholder education and communications, independent investigations, and data analysis and reporting. This expertise is also supplemented with specialist consultants and advisors as necessary.

Critical Infrastructure – Energy Sector

7. NOPSEMA supports the definition of critical infrastructure provided in the Consultation Paper as being appropriate because it broadly covers the Energy Sector without prescribing any specific sectors. NOPSEMA notes the Energy Sector continues to evolve with developments such as the recent commencement of regulation of greenhouse gas re-injection and storage activities (such as the CarbonNet project that seeks to establish a commercial scale carbon capture and storage network in the Gippsland). In recent years the Australian Government has also taken steps towards the development of a regulatory framework for the offshore renewable energy sector.
8. NOPSEMA regulates more than 150 offshore facilities and approximately 900 offshore wells, including a number of the highest producing gas wells globally. During 2018, there was a heightened level of industry activity, reflected by an unprecedented 16.9 million hours worked offshore, a notable 31% increase on hours worked in 2017 and the highest number of hours worked since the recording of offshore data commenced in 2005.
9. Some of the world's most advanced and largest subsea and offshore facilities are subject to NOPSEMA's oversight, and include the established offshore facilities of Wheatstone, Prelude, Ichthys and the Gorgon and Jansz-Lo offshore developments. These projects represent an investment of US\$138 billion³ and position Australia to be a global leader and the world's largest LNG exporter.⁴
10. The offshore environment in Australia is characterised by its remote facilities and their linkage to the production of liquefied natural gas (LNG). The offshore industry has grown to the point where Australia has assumed the mantle of global leadership LNG exports, while continuing to provide an important source of domestic oil and gas from deeper water via increasingly complex facilities.
11. The associated challenges and risks are similar to offshore facilities in countries such as Norway, the UK, and the USA, evidenced by recent proposals to drill in areas such as the Great Australian Bight. The offshore environment differs from onshore industries in Australia given its unique geographical and operational nature and how that environment impacts the management of high hazard risks.
12. Since NOPSEMA's establishment the performance of the offshore petroleum industry has improved, with no fatalities⁵ since 2012 and no major accident events. NOPSEMA has fostered, and continues to grow, a mature risk culture within industry and promotes best practice for oil spill preparedness. The regime administered by NOPSEMA is comparable to the performance of other leading international jurisdictions and compares favourably to industries such as onshore mining, agriculture and maritime.

² This figure excludes administrative support staff. The total staffing unit is 125 as at 30 June 2020.

³ Equivalent to approximately AU\$200 billion based on conversion rates at the time of this submission.

⁴ Department of Industry, Innovation and Science, Submission to the Inquiry into WHS of workers in the offshore petroleum industry, March 2018 p 7.

⁵ Fatality of two offshore workers on the Stena Clyde mobile offshore drilling unit in the Bass Strait on 27 August 2012. This case was prosecuted in September 2015; the Magistrates' Court of Victoria imposed a criminal penalty of \$330,000 on Stena Drilling (Australia).

Information sharing and stakeholder engagement

13. NOPSEMA advocates the importance of collaborative stakeholder mechanisms in addressing common problems and in finding shared solutions.
14. Since 2012, NOPSEMA has averaged over 700 stakeholder meetings with industry, government and other stakeholders per annum and has been an active participant in the Trusted Information Sharing Network (TISN) sector group meetings.
15. NOPSEMA notes that the TISN Energy Sector related groups are representative of Tier 1 groups of companies and makes the observation that if practicable, the future participation of Tier 2 and 3 companies, inclusive of new entrants to the offshore industry, may provide for additional insights into the operational risks and experiences of these industry participants.

Multiple agencies with offshore jurisdictional responsibilities

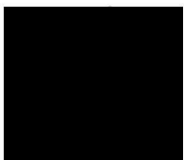
16. NOPSEMA notes there is opportunity to further clarify the roles and responsibilities of government agencies with varying regulatory responsibilities for the offshore sector. NOPSEMA has primary responsibility for overseeing safety, environment management and well integrity of regulated offshore facilities and offshore petroleum and greenhouse gas storage activities.
17. NOPSEMA notes that a division within Home Affairs, administers the *Maritime Transport and Offshore Facilities Security Act 2003* and its associated regulations. Under this regulatory framework, maritime security threats (including cyber security threats), may be raised by operators and offshore service providers in their risk assessments accompanying offshore facility security plans. NOPSEMA notes in this regard that further information on regulators' respective responsibilities and jurisdictional coverage, could be described in any future critical infrastructure discussion papers to reduce the risks of jurisdictional ambiguity and where appropriate, identify any regulatory gaps.
18. NOPSEMA is of the view that ongoing collaboration through TISN related structures will increase clarity and effective understanding of cross sector dependencies and agency responsibilities.

Any questions regarding the submission or any other matters should be directed to:

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Yours sincerely



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