

DEPARTMENT OF INDUSTRY, TOURISM AND RESOURCES

Resources Branch

THE NATIONAL OFFSHORE PETROLEUM SAFETY AUTHORITY

REVIEW OF IMPLEMENTATION ACTIVITIES

JUNE 2003



**Report of the
Independent
Review Team**

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1 Executive Summary

The Independent Review Team (IRT), in April 2000, recommended the formation of a unitary National Offshore Petroleum Safety Authority, (NOPSA), to regulate the safety of the offshore petroleum industry in Australia. The Ministerial Council for Minerals and Petroleum Resources (MCMPR), in September 2002, directed that a transitional plan be prepared to create such an authority and work has been in progress since to give effect to that directive.

The IRT were invited to review the progress at June 2003 and *to take a view as to whether the principles were being met and whether the implementation project was on course to deliver NOPSA at January 1st 2005.*

The IRT is of the view that the principles can be fully met.

The project has a very tight time line - the passage of the enabling bill in the Federal parliament is on the critical path as it gives the legal entity to which a CEO can be appointed, and generates the mirror legislation in the State legislatures.

The DITR part of the project is well defined and planned in terms of tasks although not fully in terms of scope (pipelines, drilling, etc). It appears to be slightly, but not irrecoverably, behind schedule.

The States/NT part of the project is further behind and the DAs are declaring that they have insufficient resources to plan or execute the transition.

The review team have identified issues that are critical to the timely delivery of the project and made recommendations to reduce the probability of failure to achieve the goal. These recommendations are given in full in Section 5 and are summarised below.

- The enabling bill is on the critical path and pressure must be maintained on the federal legislature to ensure that it is drafted and passed on time. Similar problems exist with State/NT legislation. (5.1)

- An integrated plan must be developed for the total project including the many States/NT tasks. Only then can the full magnitude be assessed and the critical items agreed. (5.2)
- The NOPSA project people resource has been compromised by the loss of a key member and, in any case, would have required significant increase as the project moves from a 'defining' stage to an 'execution' stage. This will require management action. (5.3)
- DITR should create the project formally with delegated authority and should consider ways to isolate the project team from other departmental tasks so that they can focus 100% on achieving project goals. (5.4)
- A large amount of time is used on the consultation process. The DAs have made some suggestions to the IRT to streamline this and their proposals should be considered. (5.5)
- The scope of the project in relation to pipelines and drilling and other undecided items should be brought to an early conclusion so that MOUs can be constructed between NOPSA, DAs and other departments. In particular it should be agreed that all pipelines under water should be regulated by NOPSA, (all the DAs favour this). (5.6)
- The NOPSA CEO should be appointed as early as possible so that he can help assemble the Authority. (5.7)

2 Introduction

2.1 Background

In the 1998 Commonwealth Government Minerals and Petroleum Resources Policy Statement the Federal Government made a commitment to “*look for opportunities to further improve Australia’s offshore safety record by commissioning an independent evaluation of all aspects of Australia’s safety case regime, with the assistance of a team of recognised practising safety experts from countries demonstrating world best offshore practice*”.

On 9 July 1999 the Commonwealth Minister for Industry Science and Resources the Hon. Senator Nick Minchin formally announced the commissioning of an *independent* review of the offshore petroleum safety managements arrangements that apply in Commonwealth waters under the provisions of the Commonwealth *Petroleum (Submerged Lands) Act 1967*.

As part of a Commonwealth review (2000) of offshore petroleum safety an Independent Review Team (IRT) was commissioned to provide their views on the safety arrangements. The IRT consisted of:

Magne Ognedal – Norwegian Petroleum Directorate

Odd Bjerre Finnestad - Norwegian Petroleum Directorate

Ed Spence – Integral Safety Ltd.

The recommendations from the IRT and subsequently, the Commonwealth review indicated that significant improvements were required to the regulatory system for the regime to deliver “world class safety practice”. As a result the Commonwealth launched a project to improve offshore petroleum safety outcomes with the main objective of establishing a single national regulator by 1 January 2005.

2.1.1 The Ministerial Council for Minerals and Petroleum Resources (MCMPR)

This council is made up of Commonwealth, State and Territory Ministers with responsibility for minerals and petroleum resources.

On 4 March 2002 the council agreed that a program of work commence to examine how to improve offshore safety outcomes primarily through a single national safety agency, to be assessed against a set of defined principles:

1. An enhanced and continuing improvement of safety outcomes in the Australian offshore petroleum industry is a major priority for Governments, industry and the workforce.
2. A consistent national approach to offshore safety regulation in both Commonwealth and State/NT waters is essential for the most cost effective delivery of safety outcomes in the offshore petroleum industry.
3. The safety case approach is the most appropriate form of regulation for the offshore petroleum industry to deliver world-class safety.
4. The legislative framework must be clear and enforceable to ensure safety regulation effectively motivates operators to discharge their responsibilities for safety.
5. The regulator must demonstrate an independent approach in implementing its legislative responsibilities and in its dealings with industry. The structure and governance of the regulatory agency must promote independence, transparency and openness.
6. The regulator must employ competent and experienced personnel to guarantee effective regulation of the offshore petroleum industry's activities and operations.
7. The administration of the safety regulator must deliver effective safety outcomes at efficient cost to industry.
8. Under the safety case regime, the industry and its workforce must be empowered to identify and report potential hazards and to implement appropriate control measures.
9. Approval processes in safety, titles, environment and resource management must be streamlined and dovetailed to ensure no undue delay to project development in the offshore petroleum industry.

Following the March council meeting three working groups (Institutional Form (IFWG), legislation (LWG) and Technical (TWG)) were established, comprising staff members from the relevant Commonwealth and State/NT areas, to conduct the program of work. The working groups drafted recommendations to the council on institutional form, legislative and technical issues, relating to safety regulation.

MCMPR met again on 13 September 2002 and reviewed the recommendations, endorsing all working group recommendations.

2.2 Output Status

Following the decision of the September MCMPR the IFWG was renamed the Implementation Working Group for the phase of the project to establish the new authority. The work carried out (by June 2003) through this group and the project Steering Committee includes:

- Regulatory Impact Statement (RIS)
- Commonwealth Cabinet Submission
- Drafting Instructions for the creation of a new statutory authority in the form of redrafting of the primary legislation, the Petroleum (Submerged Lands) Act (PSLA)
- Draft Bill for the creation of a new statutory authority
- Cost Recovery Impact Statement (CRIS) concerning the funding of the organisation
- A Transition Management Plan incorporating organisational and staffing issues to make the transition from the current arrangements to the new organisation

The decisions of the LWG have been taken forward via redrafting of the PSLA to enhance the duty of care provisions and ensure consistent definitions. Additionally the redrafted Act will disapply State/NT legislation so that one set of legislation applies in all offshore waters, namely the OH&S section of the PSLA. This work is incorporated in the RIS, Drafting Instructions and Draft Bill described above. The next phase of the LWG work is to make

changes to the Safety Case regulations to incorporate OH&S in the Safety case and include a broader definition of performance standards.

The TWG has completed two of the MCMPR recommendations aside from production of progress reports and proposals. A matrix providing a consistent definition of what constitutes a “significant” incident has been developed, agreed with stakeholders and implemented by jurisdictions. The aim of this work was to ensure better quality guidance to operators and that regulators received suitable and sufficient information to enable them to make decisions about investigations. The guidance was aimed at those incidents that were, or had the potential to be major accident events. The second output from the TWG was a paper describing the “Role of the Regulator”. This work was not intended to provide a philosophical view of the regulatory role, more a practical view of what offshore safety regulators considered to be their role.

2.3 The purpose and tasks of the 2003 review

More than three years have elapsed since the Commonwealth Review and last IRT visit. Recommendations from the Review and IRT have been instrumental in determining the current project directions. It was appropriate that the current status and outcomes of the project be independently reviewed by the IRT at this time (June 2003) to ensure that they were commensurate with the MCMPR Principles and recommendations, and that the processes to reach the objectives were transparent.

The task given to the team was to:

- a) Evaluate outputs and plans for the implementation against the goals and principles endorsed by the MCMPR.
- b) Evaluate and give an opinion on how realistic it is, given the available resources, to believe that the target of establishing NOPSA by 1. January 2005 will be met.
- c) Make recommendations as the Team finds appropriate

2.4 Methodology

The following activities were undertaken as part of this second review:

1. **Preparation** – a review of project documentation to provide an update on the status of the project and background for the IRT. The IRT received a pack of documents including: Briefing document, The role of the regulator and the Transitional Plan.

In the light of these documents the team developed a set of questions to be asked during the visit to enable us to develop a further understanding of the project in detail.

2. **Site Interviews** – whilst in Canberra the IRT spoke to Departmental staff concerning the project including John Hartwell, Chrys Papadopoulos and the implementation team. Additionally they met the Parliamentary Secretary, Warren Entsch, who has shown interest in the project and the work of the IRT.
3. **Stakeholder Meetings** – the review would not be complete without having had meetings with the appropriate stakeholders. To facilitate this a half day was allocated to a meeting with APPEA representatives on behalf of the Health, Safety and Operations (HSO) Committee and workforce representatives from NOGSAC. The IRT also had a meeting with regulators from Victoria, and regulators from WA and NT by tele-conference.
4. **Review Report** – following the above activities this report was drafted (to be finalised later) and presented verbally to the project and DITR staff before leaving Canberra. The team have commented on the extent to which the project will meet the principles and on the probability of meeting the end date, and have made recommendations to improve that probability.

2.5 Timescale of IRT visit

The activities were allocated the following time:

1. Preparation including consideration of documents – 3 days (2 days prior to arrival in Canberra)
2. Site meetings – 2 days
3. Stakeholder meetings – 1 day
4. Report – 1 day

3 Stakeholder meetings

3.1 Introductory Meeting

At the introductory meeting the team was made aware of the main **project task groupings** -

- The legal processes and legislation changes required
- The NOPSA governance processes to be developed
- The technical and IT work to be done
- The training and development tasks,

and the **main issues and risks** were described as:

- Loss of personnel
- Salaries
- Time frames (of legislation)
- Implementing technical changes while continuing to regulate without loss of focus
- Defining the residual obligations/functions of the DAs
- Possible diminished industry/workforce support due to cost recovery.

3.2 Meetings with project members

The team conducted a series of meetings with individual project members in the course of which, among many topics we sought to explore:

- The extent to which the principles will be met
- The difficulty of appointing the NOPSA CEO early
- Performance standards for all parties

- The scope of NOPSA and its interfaces with issues such as diving, drilling, pipelines, seismic activities, the Navigation Act, environment and Coastal and State waters.
- Progress against the tight time line
- Resource constraints and staff losses
- The intended size and structure of NOPSA
- Progress of the Bills through the legislatures
- Progress on MOUs with DAs and others
- The significant IT component and where the skill set resides
- Intention in relation to emergency response.

We were left with three significant concerns:

1. *Inadequate people resources* – we asked what action had been taken or was intended to rectify this and were given sight of a minute from the Project Managers to the General Manager seeking more people for the next stage.
2. *Indeterminate Scope* – we were advised that Seismic would be outside the scope of NOPSA. Environment would be outside the scope, at least for the first few years. Diving is within the scope whereas pipelines and drilling were under discussion. Geographical extent was more or less agreed. The team were conscious that projects without a fully agreed scope often go wrong because of differing beliefs about what the scope should be.
3. *Unknown size and structure of the intended NOPSA organisation* – the team were provided with a paper given on this at OTC in May 2003 and advised that we could treat this as the official position. The team are happy with this.

3.3 Meeting with the Parliamentary Secretary

The team had met Mr. Warren Entsch on our previous visit, and he was kind enough to receive us at Parliament again and to assure us of his vigorous and continuing support for the establishment of a single safety regulatory authority for offshore petroleum in Australia, and his willingness to help the project overcome any hurdles placed in the way.

3.4 Meeting with the Australian Petroleum Production and Exploration Association (APPEA)

The Team met with representatives of the Australian Petroleum Production and Exploration Association Limited (APPEA). On behalf of APPEA's Occupational Health, Safety and Operations (HSO) Committee they emphasised the following collected views with regard to the implementation of NOPSA:

- Some parties seem to put up hurdles against the creation of NOPSA. APPEA have no intention of interfering in the relationship between the Designated Authorities (DAs) and the Commonwealth. They are more interested in having a say in the creation of NOPSA.
- *The process to pass the Bills (to create NOPSA as a statutory body) is very slow, which is a concern.* It does not seem that the passing of the Bills gets enough priority, particularly the State/NT Bills. The drafting instructions were not ready until November last year.
- *In general, the HSO Committee has been very satisfied with the co-operation and openness of the Implementation Team.*
- They were against the full cost recovery scheme, because they believed this would make NOPSA less independent.
- The relationship with the Steering Committee has not been good. APPEA was not offered membership of the Committee, but simply asked to give strategic advice. This has not worked.

- The IRT's recommendations (year 2000) have been slow to materialise through TWG. For example the recommendation to clean up the interface between the PSLA and the Navigation Act.
- They have noticed the insecurity among Designated Authority (DA) staff, which is a real concern. The structure of NOPSA should have become known earlier. People now leave the regulators for reasons other than low pay alone.
- *It is the HSO's Committee's view that NOPSA's Chief Executive Officer needs to be appointed as soon as possible. The Commonwealth should appoint now and not wait until June 2004. The CEO could most certainly help with progress and building of teams. The Committee appreciate that this is difficult to do before the Bill passes.*
- *The States/NT have a major job to do also. APPEA has lobbied, but with little success. The consultation processes should be more streamlined.*
- The OHS Committee would like NOPSA to have jurisdiction on the islands (E.g. Barrow Island)
- Since Tasmania outsources to Victoria, it should be easy to outsource to NOPSA also.
- *The Committee is of the opinion that transportation pipelines from installations to shore should be NOPSA's responsibilities as long as they are in water, i.e. until they reach land (terminals).*
- *The OHS Committee is worried about a possible loss of credibility of the Implementation Team, because one of the two highly competent safety professionals is leaving. This means there is only one left in the team. The team should have more professional safety expertise.*
- The APPEA representatives said the Chairman of APPEA had not been aware of the fact that one Implementation Team member would leave the next day, and that he will most certainly want to react.

[Italicised items appeared to the team to be of most importance with regard to our brief].

3.5 Meeting with the workforce

The team also met with workforce representatives of the National Oil and Gas Safety Advisory Committee. They emphasised the following views with regard to the establishing of NOPSA:

- They are concerned that the future amended legislation may not empower the workforce to stop dangerous jobs. This would be a backward step. They will be keen to see the draft legislation.
- They hope that the formation of NOPSA will contribute to improving the standards of the DAs and not be the least common denominator.
- *The Implementation Team has been very professional – it is going very well.*
- Their colleague Colin Turner has been very much involved in the work to create NOPSA.
- *The interface between the PSLA and the Navigation Act is a grey area. Ships' personnel should be more familiar with the Safety Case of installations they serve. The people of DITR and AMSA should get together.*
- *Barrow Island needs to be properly sorted out. We cannot be under 3 regulators of the same issues – NOPSA, DoIR and WorkSafe. NOPSA should regulate all waters and islands. They agreed that NOPSA should be responsible for all pipelines in water.*
- *Remuneration is the big problem – because the regulators are underpaid there is no stability in the project or in the long term.*
- They firmly believe that the full cost recovery scheme is not the way to go to maintain the independence of NOPSA. They thought a mixture of government funding and cost recovery would be better.
- To license offshore workers would make things much easier. People would be more careful if there was a chance of losing their license.

- *The DITR project is on track and is doing a good job. It is regrettable that they now lose one of their two professionals. People must be brought in now to strengthen the Team.*
- It is important that 1 January 2005 is reached.
- *The Joint Petroleum development Area (JPDA) is a concern. They do not know what applies and this enables worker exploitation.*
- As resources get thin at the end of field life companies want to reorganize with negative impact on safety. Hope NOPSA follows this up.

[Italicised items appeared to the team to be of most importance with regard to our brief].

3.6 Meeting with regulators

The IRT also had a meeting with representatives of the DAs. They raised the following issues:

- They have been much involved in the process to create NOPSA. The people of the Implementation Team work very well, but primarily on their own matters. Communication has now settled down after a difficult period, and is now good.
- *There have been some considerable delays in the project. If the Federal Bill slips it will have consequences for the States/NT also.*
- *It is of deep concern to the DAs that not only must the Commonwealth put their act together, but the States/NT have a considerable amount work to adjust to NOPSA and there are no resources available. The States/NT must now concentrate on their matters with regard to implementing NOPSA rather than working on the Commonwealth project. They must make plans for this work, which must be tightly coordinated with the NOPSA implementation plan. A Total Implementation Plan is needed. With such a plan it will be easier to determine where consultation is needed and whether consulting on a batch basis is feasible.*

- *The Commonwealth has been good in providing guidance, but the States/NT have to do all their own legislative work and it takes a long time to disapply state law. At the same time the DAs must keep the day-to-day regulatory activities related to overseeing the petroleum activities going as before. They had thought they would be given funds for the work to prepare for the establishment of NOPSA, but have not received any.*
- *The start-up date for NOPSA is very tight . It is achievable only if a lot more resources are put in.*
- *They were originally opposed to the creation of NOPSA, but once the decision was made had adopted a positive attitude and now support the project. However, the personnel of the DAs are deeply insecure, since they do not know whether they will be employed by NOPSA. Some have already found other employers. There is a problem if senior or key personnel leave. A sensitivity analysis should be done to establish the consequences for the work to implement NOPSA if personnel leave - this should be done for both the project team and the States/NT personnel.*
- *The working groups are functioning well.*
- *The appointment of the CEO is critical. It is far too late to appoint the CEO by mid-year 2004. He should be appointed late this year or, at the latest, early next.*
- *All DAs agreed that transportation pipelines in water to the shoreline or pig receiver, should be the responsibility of NOPSA.*

[Italicised items appeared to the team to be of most importance with regard to our brief].

4 Findings and observations

- The team believe that the project to create NOPSA will fulfil the intentions of the original IRT recommendations and will honour the principles laid down in the Ministerial Council for Minerals and Petroleum Resources (MCMPR).
- The team thought it good to see the States/NT all displaying a positive attitude towards the project and stating that they are set on doing their utmost to contribute to achieving the goal.
- The project has a very tight time line to have NOPSA in existence, staffed and functioning by 1st January 2005.
- The passage of the enabling Bill in the Federal Parliament on schedule is on the critical path unless a mechanism can be found to engage the CEO prior to the position having a legal existence.
- Delay in the Federal legislation will put the State bills into the critical path.
- DITR Implementation Team is frequently diverted by other departmental matters.
- After study of the Commonwealth Task lists and project schedules, the IRT believe that more resources is needed as the project now has moved from the scoping and definition stages to the execution stages. This is valid also for the States/NT.
- Andrew Lewin left the DITR on 25. June 2003 and this deals a severe blow to the probability of meeting the dates.
- There has been a failure to estimate the extra legislative work placed on the DAs as the result of the NOPSA project and this work needs to be incorporated into a critical path plan for the total project.

- It is the IRT's understanding that Rick Pickering will soon join the Commonwealth project . This should help greatly in moving some of the bureaucratic obstacles.
- Industry, and the workforce expressed their concern with regard to the public perception of NOPSA not being an independent regulator, because of cost-recovery.
- According to Principle 9 of the MCMPR, approval processes in safety, titles, environment and resource management must not cause undue delay to project development. To achieve this is a challenge for all responsible regulators. An example we came across, which clearly tests this principle, is the draft base document for developing MOUs. Here it is stated that both NOPSA and the DAs will have statutory duties related to well design, etc. A way to avoid such problems would be for NOPSA to assess the well design with regard to all events including those with possible environmental consequences and share the findings with the DA who would have the expertise to quantify the environmental consequences. *Should this be rectified in the current work to develop drilling regulations by addressing safety issues in the NOPS.A regulations only?*
- The Commonwealth part of the project plan to create NOPSA is competently defined and, as the IRT sees it, describes most relevant tasks for creating NOPSA. The management of the execution of the plan is also highly competent. The most visible critical element to have slipped is the development of the Federal Bill.
- In the project plan and other documents we have reviewed, we have not seen the issue of emergency response (environment/safety/rescue) being addressed. *Is this something that should be addressed?*
- The Joint Petroleum Development Area (JPDA), of the Timor Sea will be outside NOPSA's scope of work.

5 Recommendations

5.1 On the legislation needed for implementing NOPSA

The early passage of the enabling Bill in the Federal Parliament is on the critical path to the extent that it holds up the States mirror legislation and inhibits appointment of the NOPSA CEO.

Every effort should be made to ensure the Federal Bill will be passed in Parliament as soon as possible.

Similarly passage of the State/NT Bills is urgent but does not seem to be high on the priority list of the State/NT lawyers. It is imperative that the necessary changes in legislation are completed by 1 January 2005. The successful outcome of the NOPSA implementation project is contingent on the States/NT delivering. Given their current situation every effort should be made to make resources available to the DAs.

The team recommends that a study be conducted to determine the resources needed by States/NT to be able to deliver in accordance with the total project plan (See 5.2 below).

5.2 On the project planning needed for implementing NOPSA

The project to establish NOPSA clearly consists of two interrelated parts: one is the responsibility of the Commonwealth, the other of the States/NT.

For the Commonwealth project, a plan has been developed by the Implementation Team. It specifies responsibilities, tasks, completion dates, etc. The States/NT have not made such plans for their work, and in a sense they are therefore lagging behind. A Total Plan is needed urgently as a tool to ensure that all activities necessary to create NOPSA by 1 January 2005 are known, and also to ensure that NOPSA will have a clear role, well defined legislation, sufficient quality staff, quality procedures for all regulatory activities, etc.

It is the view of the IRT that an integrated plan for the total project should be developed, incorporating both Commonwealth and States/NT tasks clearly defined and coordinated in time.

5.3 On the resources needed to complete the project

It appears that sufficient funds are available to complete the Commonwealth part of the project.

As the IRT sees it, the total project is short of human resources both in numbers and competence profile.

The team have considered the people resourcing of the Commonwealth project in the light of their own experience of running large projects and are of the opinion that, while the resources may have been adequate for the specification, definition and scoping phases of the project they will be insufficient for the execution stage.

In this context, the loss of one of the two technically and regulatory skilled full time DITR staff members of the team will have a significant impact on the probability of achieving the time line unless that person can be rapidly replaced by someone of similar skills.

The IRT recommends that increased resources are quickly allocated for the next stage of the Commonwealth project.

The IRT observes that the States/NT have not established project teams explicitly to work on implementation issues. Their plan is to use existing staff for this purpose. The DAs will thus have two main responsibilities up to 1 January 2005 - to perform the normal day-to-day activities as a regulator and to complete all necessary tasks at state level to accommodate establishment of NOPSA. This includes work to define and organise the DAs residual function post NOPSA, so that they are fully operational in their adjusted role. The timely work of States/NT in this regard is of critical importance to the successful creation of NOPSA. Concerns related to resources in this area were expressed by all stakeholders.

The IRT recommends that actions under 5.1 and 5.2 are quickly implemented as this will enable this problem to be clearly defined.

5.4 On utilising people better

The team were unable to find any formal mandate for the Commonwealth project or any delegation of authority to enable project decisions to be made efficiently. These would be a normal part of working in a project environment.

The people shortage is exacerbated by the fact that the project people in DITR are located in the middle of the Resources Branch and many of the people are frequently diverted by other departmental matters.

The IRT recommend, that the department create the project formally, with delegated authority and consider whether there is any way in which the project people could be isolated so that they could deliver 100% of their effort to the Commonwealth NOPSA project.

5.5 On the consultation processes

Both Commonwealth and States/NT have extensive consultation obligations in this process. Consultations are an important tool for seeking views, ideas and agreement on various issues, but they can be very resource demanding, something that is heavily felt in the NOPSA implementation project.

When the plan described in 5.2 is available it will make it easier to identify and agree on at which milestones consultation should be conducted. This again will make the consultation processes less demanding, more efficient and to the point

The DAs have suggested that more meetings could be 'piggy backed' to save travel and that the project might consider appointing a travelling planner/consulter who would regularly go round the States/NT updating plans and keeping all 'on side'.

The IRT recommend that the project consider the DAs suggestions

5.6 On the development of MOUs with States/NT and other agencies

IRT sees it as extremely important that the necessary MOUs are in place and agreed by ministers before 1 January 2005.

We understand that the MOUs will define issues such as roles, duties, cooperative activities, utilisation of competence and decision making processes (to ensure compliance with MCMPR's Principle 9)

A draft base document for MOUs has been made (Proposed Allocation of Petroleum Regulatory Duties between DAs and NOPSA Post 1 January 2005, dated 23 June 2003). In this draft the issue of pipelines has not been resolved.

Establishment of MOUs with other agencies, such as AMSA, should become a clearly defined item of the implementation plan.

(With regard to the ongoing discussion of whether NOPSA should have a role on islands or not, the IRT suggests that the issue is postponed for now and possibly picked up again when NOPSA becomes operational. If it is decided later that NOPSA should be the responsible agency, the IRT propose that a possible role for NOPSA with regard to pipeline terminals onshore be evaluated at the same time, thus enabling NOPSA to regulate the total production system).

The IRT recommends that all pipelines in Commonwealth, coastal and inland waters be regulated by NOPSA (NOPSA should also have access to the control rooms onshore in order to be able to assess safety issues related to platform and pipeline operation). All stakeholders support this view.

The IRT also recommend that the scope of the MOUs be defined and agreed early next year to ensure that the time line for developing MOUs and having them approved by Ministers is sufficient.

5.7 On the appointment of CEO and management of NOPSA

The goal of the implementation activities is to have a fully operational NOPSA by 1 January 2005. The CEO should have an active role in selecting the people, designing and working out the necessary administrative systems (ICT, etc.) and planning the activities necessary to achieve a consistent, high-quality organisation.

Early appointment would make this possible and would help to reduce the current uncertainty among the existing regulatory staff of the DAs.

The IRT recommend that the first CEO of NOPSA should be in place as early as possible in 2004 (January if possible). Shortly thereafter, the other key managers should be selected and appointed.