



NOPSEMA

# AT A GLANCE

## OBJECTIVE-BASED REGULATION

May 2018

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is the regulator for health and safety, well integrity and environmental management for offshore oil and gas activities in Commonwealth waters, and in coastal waters where a state or territory has conferred regulatory powers and functions to NOPSEMA.

NOPSEMA administers an objective-based regulatory regime. The key principle underpinning the regime is that responsibility for ensuring the health and safety of workers and the protection of the environment lies with those who create the risks. That is because these parties have the knowledge, decision-making authority, on the ground control and resources to ensure that the risks they create are appropriately managed.

An objective-based regulatory regime sets high level requirements that must be achieved, but does not prescribe how those requirements must be met.

#### Objective-based regulation:

- ensures that those who create the risks are responsible for identifying and managing those risks
- is adaptable, flexible and scalable to the particular circumstances of individual activities and the environments in which they take place
- provides the opportunity for the oil and gas industry to adopt advances in technology and apply control measures that are best suited to the individual circumstances of the activity
- encourages adoption of best practice management systems and continuous improvement in all aspects of performance
- is recognised internationally by regulatory authorities, risk management professionals and academics as being the most appropriate regulatory framework for high-hazard industries.

An alternative to objective-based regulation is prescriptive or 'rules-based' regulation. Under this approach detailed requirements are set by the regulator and the processes or actions that must be taken in order to meet those requirements are prescribed. In certain circumstances prescriptive regulatory approaches are very effective at achieving good outcomes. However, in technically complex, high-hazard and innovative industries such as the offshore oil and gas industry, requirements can quickly become out dated as technologies improve.

Prescriptive regulation can also lead to a minimum compliance approach to impact and risk management, where the lowest effort possible is expended in order to meet the prescribed requirement.

#### The objective-based regime allows NOPSEMA to ask:

- What are you doing to reduce your impacts and risks?
- Could you be doing more?
- If you could be doing more, why aren't you doing it?

The ultimate goal of NOPSEMA's regulatory activities is for Australia to have a safe and environmentally responsible offshore oil and gas industry. Objective-based regulation allows NOPSEMA to pursue this goal through reinforcing a culture of continuous improvement in the offshore oil and gas industry's safety and environmental performance.

## For more information

For further information visit [nipsema.gov.au](http://nipsema.gov.au) or email [communications@nipsema.gov.au](mailto:communications@nipsema.gov.au)