

# ANNUAL REPORT

2018-19



**NOPSEMA**  
Australia's offshore energy regulator

## About this report

This document is the annual report of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) covering operations and activities conducted during the year ending 30 June 2019. NOPSEMA's annual report is made available to the Commonwealth Minister for Resources and Northern Australia, the relevant state and Northern Territory ministers, the offshore petroleum industry and the public. In compliance with the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS Act) and the *Public Governance, Performance and Accountability Act 2013*, this report will be submitted to be tabled in both Houses of Parliament of the Commonwealth of Australia.

## Access this report

This annual report is available to download from NOPSEMA's website at [nopsema.gov.au](http://nopsema.gov.au).

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## Transmittal letter

**Letter to Senator the Hon. Matthew Canavan, Minister for Resources and Northern Australia.**

In accordance with Section 690 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, I am pleased to submit the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) annual report for the year ending 30 June 2019.

I certify this report complies with requirements for reporting referred to in section 46 of the Public Governance, Performance and Accountability Act 2013.

A handwritten signature in black ink, appearing to read 'Stuart Smith', with a stylized, flowing script.

**Stuart Smith**  
Chief Executive Officer  
NOPSEMA

27 September 2019

2018–2019

# Snapshot of

**158**

## ASSESSMENTS

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- 41** environment plans
- 2** offshore project proposals
- 91** safety cases
- 7** diving safety management systems
- 17** well operations management plans

**176**

## INSPECTIONS

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- 42** environmental management
- 124** occupational health and safety
- 10** well integrity
- 1214** recommendations

**880**

## LIAISON MEETINGS

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- 611** duty holders
- 137** government
- 132** other (includes non-government organisations and trade unions)

**2744**

## ONLINE SUBSCRIBERS

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- 2430** the Regulator magazine
- 1547** occupational health and safety, well integrity and environmental management news
- 1541** safety and environmental alerts
- 1097** health and safety representative news

# performance

**529**

## INVESTIGATIONS

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- 39** environmental management
- 419** occupational health and safety
- 71** well integrity

**29**

## ENFORCEMENT ACTIONS

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- 7** general directions
- 1** prohibition notice
- 1** prosecution brief
- 16** improvement notices
- 4** requests to revise a permissioning document

**133**

## STAFF

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- 28** environmental management specialists
- 35** occupational health and safety specialists
- 7** well integrity specialists
- 38** regulatory support staff
- 25** corporate staff

**\$1.43**

## MILLION OPERATING DEFICIT

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- \$32.3** million in levy revenue
- 16%** expenditure on corporate services

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# Message from the **Chief Executive Officer**



## Message from the Chief Executive Officer

**In 2018–19 the number of offshore petroleum hours worked in waters regulated by NOPSEMA fell by 25 per cent, following an unprecedented high the previous year, which recorded more than 17 million work hours. Despite the drop in comparison to last year, the 13.3 million offshore hours reported for 2018–19 reflect similar levels of activity achieved in preceding years.**

Highlights of the last financial year include the introduction of regulatory amendments ensuring the full publication of environment plans and a public comment process for exploration activities. The changes mean that the public now has visibility of revisions throughout the assessment process from the publishing of an environment plan to the conclusion of the process, where a plan is accepted. It is important to note that an environment plan will only be accepted once it meets the stringent requirements of the Environment Regulations.

During the year, NOPSEMA inspectors completed 176 inspections across multiple facilities and activities, representing an increase of almost 20 per cent on the previous year. From these inspections, 1214 recommendations for improvement were identified and issued to relevant duty holders for action. Further to this activity, 529 investigations were undertaken with the objective of assessing particular concerns, verifying reports of notifiable incidents, workforce complaints and relevant provided information.

NOPSEMA received 386 reports of occupational health and safety incidents, including eight accidents and 378 dangerous occurrences, which is comparable to last year's 382 recorded incidents. However, when taking into account the decrease in industry activity levels reported to NOPSEMA by facility operators, the incident rate actually increased from 21.6 per million hours worked in 2017–18 to 28.8 incidents per million hours worked in 2018–19.

NOPSEMA promotes compliance with the legislation through a range of tools including educational campaigns and provides direct advice through assessments and inspections. Enforcement action is also warranted in certain situations. In 2018–19, NOPSEMA supplemented the recommendations for improvement by also issuing 29 enforcement actions to address breaches of the legislation, hold responsible parties to account and deter similar non-compliance across the industry.

Duty holders are expected to demonstrate their awareness and compliance with the legislation before their activity is allowed to commence. Teams of NOPSEMA specialists ensure this awareness and compliance by assessing key permissioning documents such as safety cases and environment plans. In 2018–19, our specialists completed 158 assessments of key permissioning documents in addition to a further 208 assessments of other regulatory submissions.

Prior to the federal election in May 2019, the Liberal-National Coalition announced that if re-elected, it would initiate an independent audit of the environment assessment process administered by NOPSEMA for any proposed exploration activity in the Great Australian Bight. Following the election, Australia's Chief Scientist was appointed to undertake the audit and I believe the timing is appropriate, given the recent Government reforms to enhance transparency of the environmental assessment process. The final audit report will be presented to the federal Minister for Resources and the federal Minister for the Environment. NOPSEMA looks forward to considering any findings of the Chief Scientist.

In reflecting on the past year, I wish to acknowledge the support of the NOPSEMA Advisory Board, the dedication of NOPSEMA staff and the considerable efforts of industry, the workforce and the community to ensure sound safety and environmental outcomes. I am committed to positioning and equipping NOPSEMA with the flexibility and agility required to continue to respond efficiently to challenges and opportunities into the future.



**Stuart Smith**  
Chief Executive Officer



NOPSEMA inspectors concluded 176 inspections across multiple facilities and activities, representing an increase of almost 20 per cent on the previous year.

# Message from the **Advisory Board Chair**



## Message from the Advisory Board Chair

**During 2018–19 the NOPSEMA Ministerial Advisory Board held four meetings, and provided regular written reports to the Minister for Resources and Northern Australia. In January 2019 I had the pleasure of welcoming two new experienced board members – Ms Anthea Tinney PSM and Mr Christopher Blackmore to the board and then received confirmation in March of the extension of Mr Ken Fitzpatrick’s membership for a further three years. This provides the Board with a full complement of relevant skills.**

Throughout the year the Board provided advice and feedback on a variety of matters to the Minister and the NOPSEMA CEO, covering a broad range of topics from regulatory management to industry performance.

The Board has paid close attention to the issues surrounding the safe and responsible operation of ageing infrastructure and the processes for the transfer of assets to ensure the capability and responsibilities of new operators are clearly understood. It has also focused on reports from NOPSEMA with respect to ensuring the ongoing well safety of wells that have not yet been plugged and abandoned in Australian waters.

The Board recognises the importance of the on-facility Health and Safety Representatives (HSRs) and is pleased to see NOPSEMA has established a regular forum to meet with, and listen to, these representatives. The establishment of a hot line and the protocol of holding separate meeting with HSRs when inspecting facilities is now in place. The HSR Training sessions are an important part of capability development of this group and the Board is pleased that NOPSEMA recognises the importance of its attendance at these sessions.

NOPSEMA staff have continued to improve their wider stakeholder engagement and, using their improved website and “The Regulator” publications, has increased the transparency of learning for all from incidents and their “find one fix many” initiatives.

The amendments to the Environment Regulations to increase the transparency of offshore oil and gas environment plans became effective as of 25 April 2019 and in anticipation of these changes the Board was pleased to note the early agreement between NOPSEMA and two proponents to commence their approvals processes as if these regulations were in place. This has meant the transition to the new procedures has been rapid and the proponents have engaged in a more transparent consultation process.

The Board has received regular updates from NOPSEMA on its engagement with the International Regulators’ Forum (IRF) and the International Association of Oil and Gas Producers (IOGP) as learning from others and anticipating regulatory changes that may be needed due to the challenges with, for example, ageing assets and the implementation of Industry 4.0-based processes. It welcomes the meeting of the IRF in Perth in 2020.



**Erica Smyth AC**  
Chair, NOPSEMA Advisory Board

# Overview of **NOPSEMA**



# Overview of NOPSEMA

**NOPSEMA is Australia's independent regulator for health and safety, well integrity and environmental management for offshore petroleum and greenhouse gas storage activities.**

## History

In 1999, the Australian Government commissioned a review into the adequacy of offshore safety regulation in Australia. The review sought to examine the day-to-day regulation of offshore safety which, at the time, was carried out by the states and the Northern Territory using a combination of prescriptive and goal-setting legislative rules. A key recommendation of the review was that the existing regulatory and legislative framework be revised to establish a single regulator for offshore safety. The recommendation was accepted by all state and Northern Territory governments and, in 2005, the National Offshore Petroleum Safety Authority (NOPSA) was established as the sole regulator for offshore health and safety in Commonwealth waters. Victoria also conferred on NOPSA its powers and functions for the regulation of offshore safety in Victorian waters.

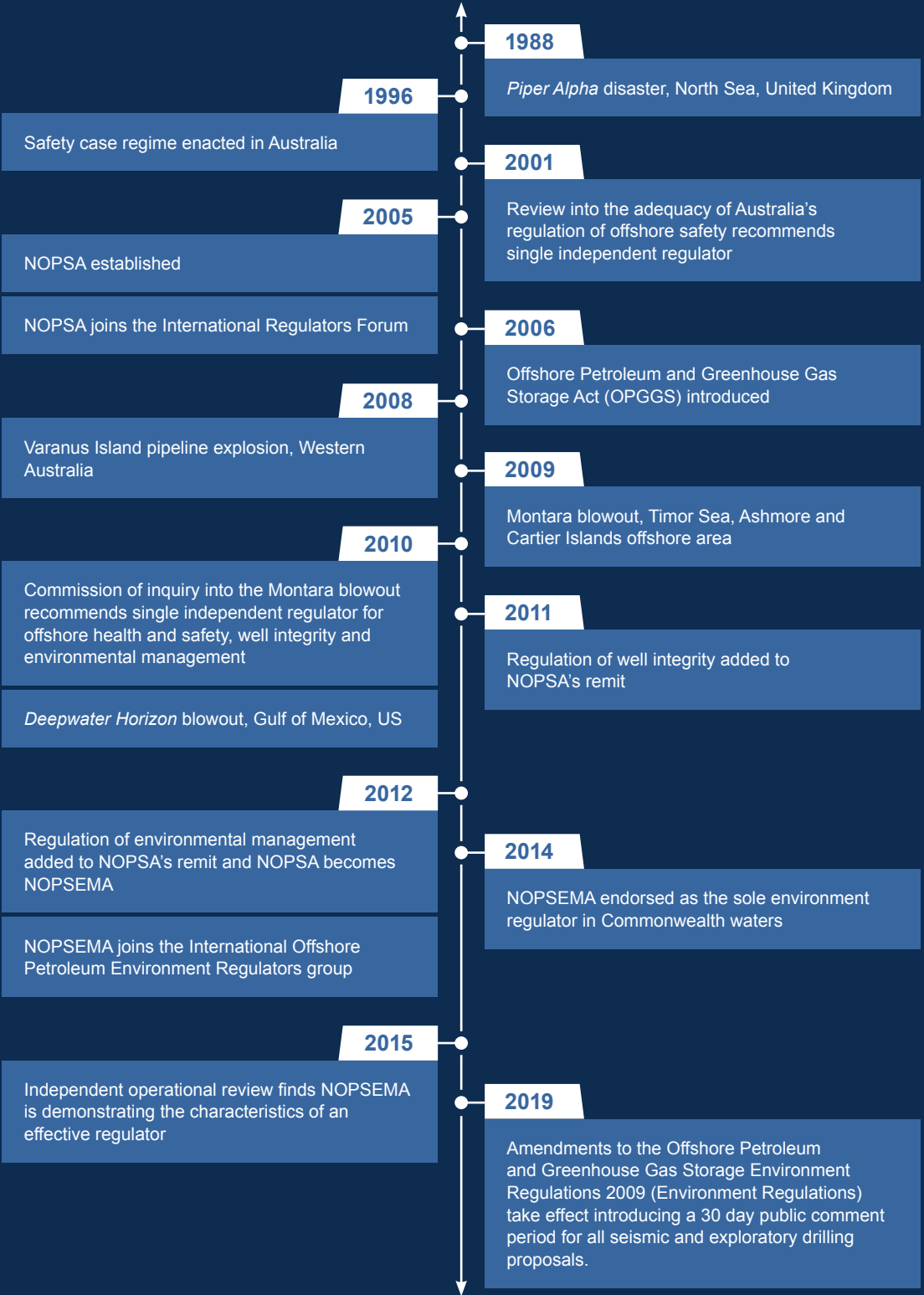
While much had been achieved to improve offshore safety in Australia, in the years that followed NOPSA's establishment a number of major offshore accidents became the unfortunate catalyst for further change. In 2008, a high pressure 12-inch export sales gas pipeline ruptured and exploded on the beach of Varanus Island off the coast of Western Australia. Another parallel pipeline then ruptured directing fires towards the onshore processing plant and causing several associated lines to rupture and ignite. In 2009, a failure of the Montara H1 well integrity barriers in the Timor Sea, north of Australia, led to an oil spill and gas leak that lasted 74 days. A fire eventually destroyed the wellhead platform and the *West Atlas* jack-up drill rig. In 2010, the *Deepwater Horizon* drilling rig suffered a loss of well control and major blowout in the Gulf

of Mexico, United States (US). The accident killed 11 workers and led to the worst oil spill in US history lasting 87 days.

In 2010, the Australian Government commissioned an inquiry into the Montara blowout. The review made a strong recommendation for the existing framework to be revised again so that a single independent regulatory body be established to regulate offshore safety, well integrity, and environmental management. The recommendation was accepted by the Australian Government and, in 2011, NOPSA's remit was expanded to include the regulation of well integrity. On 1 January 2012, that remit further expanded to include the regulation of environmental management. To reflect its new responsibilities, NOPSA became known as NOPSEMA under section 645 of the OPGGS Act. In February 2014, following a detailed and comprehensive assessment, the Minister for the Environment endorsed NOPSEMA's environmental management authorisation process. The Minister's endorsement confirmed NOPSEMA as the sole environment regulator in Commonwealth waters by expanding NOPSEMA's remit to include matters protected under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act).

NOPSEMA's effectiveness to bring about improvements in offshore health and safety, well integrity and environmental management is independently reviewed every five years. The first review was undertaken in 2015 and found NOPSEMA to be demonstrating the characteristics of an effective regulator. The next review is scheduled for 2020.

**Figure 1: Key moments in the evolution of Australia’s offshore petroleum regulatory regime**



## Principal functions

NOPSEMA's principal functions are detailed under section 646 of the OPGGS Act, and are as follows:

- to promote the OHS of persons engaged in offshore petroleum operations or offshore greenhouse gas storage operations
- to develop and implement effective monitoring and enforcement strategies to ensure compliance under the OPGGS Act and regulations
- to investigate accidents, dangerous occurrences and circumstances relating to OHS, well integrity and environmental management
- to advise on matters relating to OHS, well integrity and environmental management
- to make reports, including recommendations, to the responsible Commonwealth minister and each responsible state and Northern Territory minister
- to cooperate with other Commonwealth, state and Northern Territory agencies or authorities having functions relating to regulated operations.

## Portfolio outcome

NOPSEMA has a single portfolio outcome set by the Australian Government and outlined in the Portfolio Budget Statements.

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Promote and enforce the effective management of risks to the workforce, the environment and the structural integrity of facilities, wells and well-related equipment of the Australian offshore petroleum and greenhouse storage industries through regulatory oversight.

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## Corporate objectives

### Vision

A protected offshore workforce and environment.

### Purpose

To assure the protection of lives and the environment.

### Values

#### *Professionalism*

We will be accountable, consistent, and reasonable, and act in accordance with the law

#### *Ethics*

We will demonstrate respect and integrity in all we do.

#### *Impartiality*

We will make our decisions on the merits of the circumstances.

#### *Leadership*

We will be proactive, inclusive and decisive in our conduct as a pre-eminent regulator.

#### *Collegiality*

We will act on and make informed decisions through open and respectful dialogue.

### Regulatory approach

Influence, oversee, enforce

## Jurisdiction

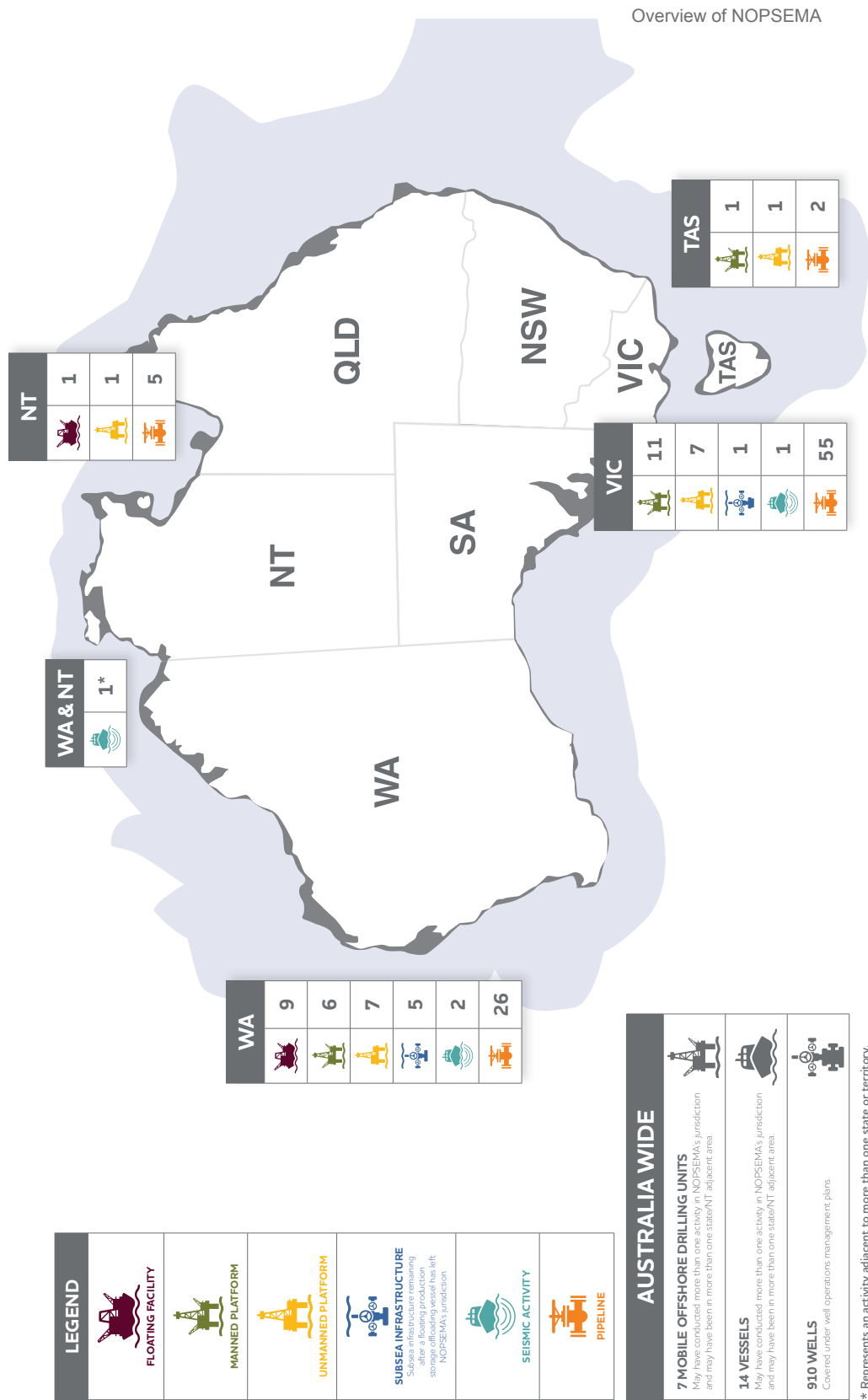
NOPSEMA regulates all offshore areas in Commonwealth waters (comprising the first three nautical miles of the territorial sea) and in coastal waters where regulatory powers and functions have been conferred.

As of 30 June 2019, Victoria continued to be the only jurisdiction to have conferred powers and functions on NOPSEMA for the regulation of health and safety and well integrity in Victorian waters. Discussions regarding the conferral of powers and functions continue with other jurisdictions.

The Joint Petroleum Development Area in the Timor Sea is regulated by the National Petroleum Authority (Autoridade Nacional do Petróleo) of Timor-Leste on behalf of the Australian Government and the Government of Timor-Leste.

Figure 2: Operating environment 2018–19

# 2018–19 OFFSHORE ACTIVITY



\* Represents an activity adjacent to more than one state or territory.

Organisational structure

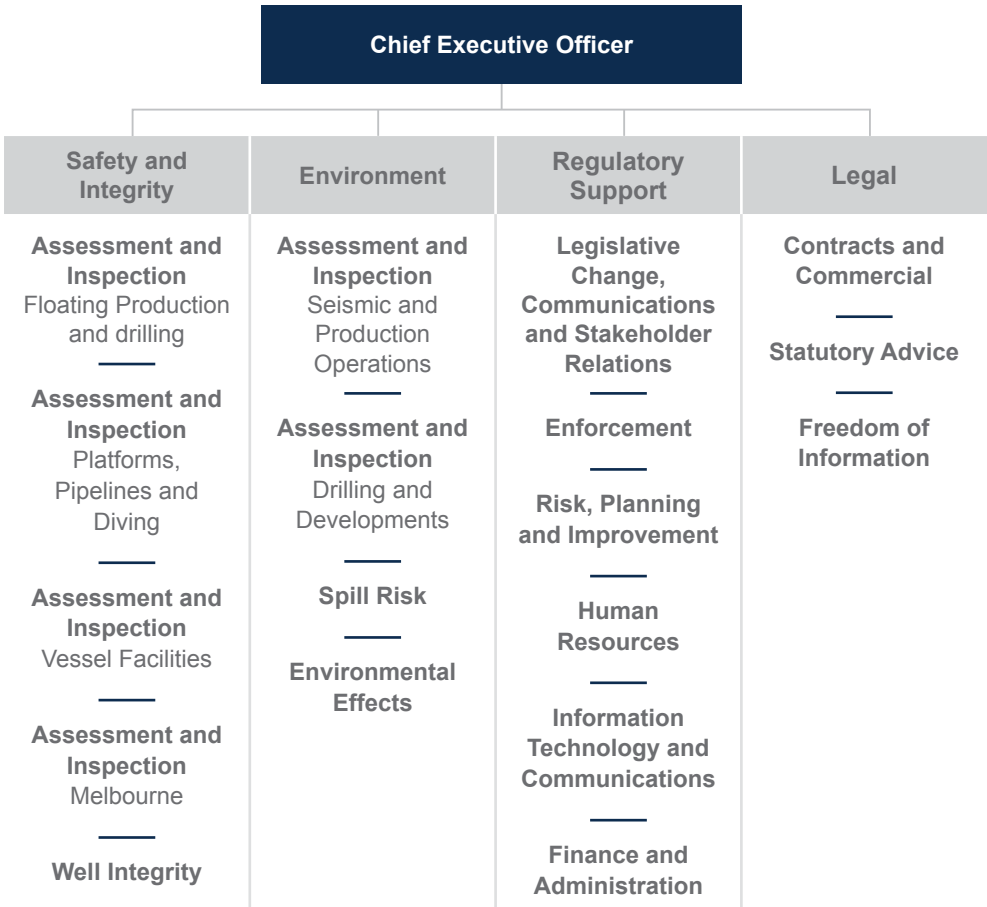
NOPSEMA comprises a Safety and Integrity division, Environment division, a Regulatory Support division and Legal team; each reporting to the Chief Executive Officer (CEO). This structure provides NOPSEMA with clear lines of responsibility that support sound corporate governance, stakeholder engagement and compliance efforts.

The Safety and Integrity division regulates the management of health and safety risks to people at or near offshore petroleum facilities. The Environment division regulates the management of risks and impacts

to the environment arising from offshore petroleum and greenhouse gas storage activities and provides advice to Department of Environment and Energy under a deed of agreement.

The Regulatory Support division provides regulatory and corporate support services. The Legal team provides advice on matters affecting NOPSEMA's business operations to ensure all statutory and legal obligations are met.

Figure 3: NOPSEMA organisational structure



## Executive leadership

### **Stuart Smith, Chief Executive Officer**

Stuart Smith was appointed NOPSEMA's CEO in September 2014, following six years as Director General of the Department of Fisheries in Western Australia.

At the Department of Fisheries, Stuart managed the sustainable use of aquatic resources in Western Australia and in adjacent Commonwealth waters. Stuart also worked as a Deputy Director General (DDG) and Acting Director General for the Department of Mines, Industry and Resources (DOIR) in Western Australia. As the DDG for State Development, he was responsible for facilitating major mining and petroleum projects, attracting investment and promoting trade and economic expansion opportunities in Western Australia. As the DDG for Resources he was responsible for promoting resources exploration in the state, regulating mining activity, managing resources sector royalties and regulating petroleum activity including onshore and offshore safety and environmental management.

Prior to DOIR, Stuart spent 14 years with the Australian Public Service (APS) in Canberra, Melbourne and Perth. During this period, he held various industry development and regulatory roles including positions with the industry portfolio and the Australian Competition and Consumer Commission, together with a secondment to Parliament House as an Inquiry Secretary and adviser.

Stuart holds a Bachelor of Economics from the University of Western Australia and a Graduate Diploma in Economics from the Australian National University.

### **Derrick O'Keeffe, Head of Division for Safety and Integrity**

Derrick O'Keeffe was appointed NOPSEMA's Head of Division for Safety and Integrity in December 2016, following a successful 34 year career in the oil and gas industry.

Derrick possesses a comprehensive understanding of the objective-based regulatory regime having worked in Australia as a Country Manager for Murphy Oil, Chief Operating Officer for Strike Energy, and Business Manager for Woodside Energy. He also has significant international experience, including working in the United Kingdom (UK), US, Asia, and the Middle East with companies such as Blade Petroleum, British Gas, Schlumberger, and Marathon Oil.

Derrick's career has involved building multi-cultural cross-exploration-and production teams to develop and deliver growth opportunities. His expertise includes strategy, business development, commercialisation, operations and regulatory management, governance and control, executive crisis management, and stakeholder and media relations. His goal is to assist teams to achieve outcomes they had not thought possible.

Derrick holds a Bachelor of Science in Chemical Engineering from Loughborough University of Technology and a Masters of Business Administration from Cranfield University.

**Cameron Grebe,  
Head of Division for Environment**

Cameron Grebe was appointed NOPSEMA's Head of Division for Environment in August 2011, following 12 years as an environmental engineer, adviser and manager at Woodside Energy and Shell Global Solutions International. In these roles, he was responsible for the environmental and social impact assessment and management of largescale upstream exploration, production and liquefied natural gas projects.

As the Head of Division for Environment, Cameron is responsible for leading NOPSEMA's regulatory oversight of environmental management across all offshore petroleum activities in Commonwealth waters including oil pollution risk management and emergency planning.

Cameron led the inception and implementation of NOPSEMA's regulation of environmental management, which involved a comprehensive stakeholder engagement and streamlining program. He continues to lead teams of environmental management specialists to improve environmental management outcomes and NOPSEMA's regulatory activities, this has included substantial stakeholder engagement and reforms to improve transparency and consultation processes. Cameron represents NOPSEMA (and Australia) as a member of the International Offshore Petroleum Environment Regulators group.

Cameron holds a Bachelor of Engineering (Environmental Engineering) from RMIT University and a Post Graduate Diploma in Energy Studies from Murdoch University.

**Karl Heiden,  
Head of Division for Regulatory Support**

Karl Heiden was appointed NOPSEMA's Head of Division for Regulatory Support in August 2015, following four years as an Environment Manager assisting the inception and implementation of NOPSEMA's regulation of environmental management.

Prior to joining NOPSEMA, Karl spent 12 years working in Canberra, the Australian Capital Territory, in a number of senior advisory roles for various federal government departments and ministers.

At the Department of Fisheries and Forestry, Karl was responsible for the administration of the \$250 million Tasmanian Community Forest Agreement to enhance the protection of Tasmania's forest environment and assist the Tasmanian forest industry to adjust to changes in forest resources. In the Office of the Minister for the Environment, he provided advice on the implementation of the EPBC Act and other EPBC-related matters. Karl also held roles in a number environmental consultancy firms primarily providing advice on large-scale oil and gas projects.

As the Head of Division for Regulatory Support, Karl is responsible for overseeing NOPSEMA's corporate functions including human resources, finance and budget management, and information technology. He is also responsible for delivering regulatory support including independent investigations, stakeholder relations, legislative change and statutory reporting.

Karl holds a Bachelor of Economics from the University of Tasmania and a Masters in Environmental Science from Monash University.

### **Suzanne Hillier, General Counsel**

Suzanne Hillier was appointed NOPSEMA's General Counsel in March 2010, following seven years at the Western Australian Department of Health (DoH). At DoH, she was responsible for managing the Legal and Legislative Services Directorate which included managing the legislative program for the Minister for Health, providing specialist advice on matters associated with the state's health system and providing extensive support during a coronial inquiry process.

Suzanne is responsible for managing NOPSEMA's legal function. This includes providing advice on contract and commercial issues and matters relating to audit and risk management. She also provides counsel on statutory interpretation, employment law and investigation and prosecution proceedings.

Suzanne provides guidance to NOPSEMA staff in her capacity as the Ethics and Fraud Control Officer and regularly presents on best practice legal management at forums for government and in-house company lawyers.

Suzanne is a graduate of the Australian Institute of Company Directors, holds a Bachelor of Science and Bachelor of Laws from the University of Tasmania and a Masters of Environmental Law from the University of Sydney.



**NOPSEMA executive leadership 2018–19:**  
(from left to right) Suzanne Hillier, Cameron Grebe, Stuart Smith (seated), Karl Heiden and Derrick O'Keeffe.

# Report on **performance**



# Report on performance

## KEY ACHIEVEMENTS

- ✓ Continued to progress cooperative risk management solutions in oil spill preparedness and response within industry.
- ✓ Broadening engagement with the offshore workforce through successful hosting of the inaugural Health and Safety Representatives Forum in collaboration with industry, government and the unions.
- ✓ Successful implementation of environmental transparency reforms including stakeholder engagement, online systems, processes and procedures to facilitate public comment and publication of environment plans.
- ✓ Continued to raise awareness in Australia and internationally on the management of well integrity risks and well barrier failures.

## KEY CHALLENGES

- ! Management of late life assets and appropriate decommissioning of infrastructure.
- ! Management of 'in-principle' opposition to offshore oil and gas activity and associated challenge of maintaining a social licence to regulate.
- ! Continuing to adapt to the changing profile of the industry as Australia's energy mix advances.

## Assessment

When a company wishes to commence an offshore petroleum activity, it must first submit the relevant permissioning documents to NOPSEMA for independent assessment and approval. Key permissioning documents can include a safety case, well operations management plan (WOMP), diving safety management system (DSMS), diving project plan, offshore project proposal (OPP) or environment plan.

### **NOPSEMA received 158 submissions of key permissioning documents in 2018–19.**

Dedicated assessment teams, comprising highly qualified and experienced technical experts, assess each permissioning document against strict criteria as set out in the OPGGS Act and its regulations.

To be approved, a permissioning document must clearly demonstrate to NOPSEMA how a company plans to undertake an offshore petroleum activity while protecting the health and safety of the workforce and reducing environmental risks and impacts. All assessment decision making is independent of industry proponents and considers only the relevant merits of each specific circumstance.

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In 2018–19, NOPSEMA completed 158 assessments of key permissioning documents with 99 per cent notified within the legislated timeframe. NOPSEMA also completed a further 208 assessments of other regulatory submissions.

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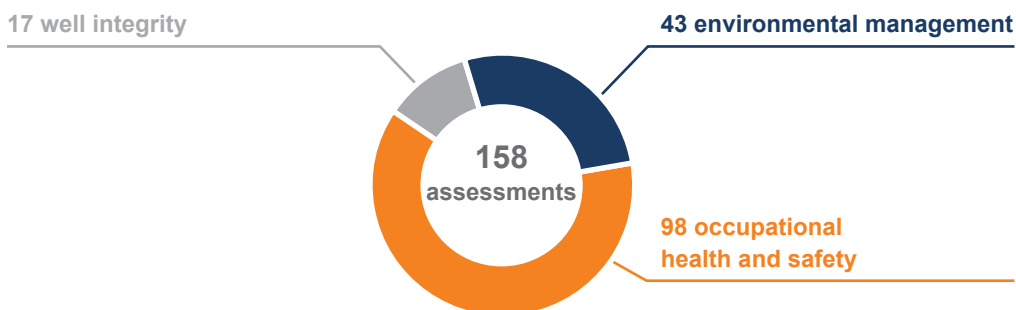
NOPSEMA completed 41 environment plan assessments comprising 26 new and 15 revisions to environment plans. The range of activities assessed included seismic surveys (7), drilling (10), production operations (9), construction or modification of a facility or pipeline (5), other surveys (2)

and any other petroleum or greenhouse gas activity (8). NOPSEMA also completed two OPP assessments for suitability to publish for a period of public comment. Of the 41 environment plan assessments, all were accepted. Both OPP assessments were accepted as well. 98 per cent of environment plans and 100 per cent of OPP assessments were notified within the legislated timeframe.

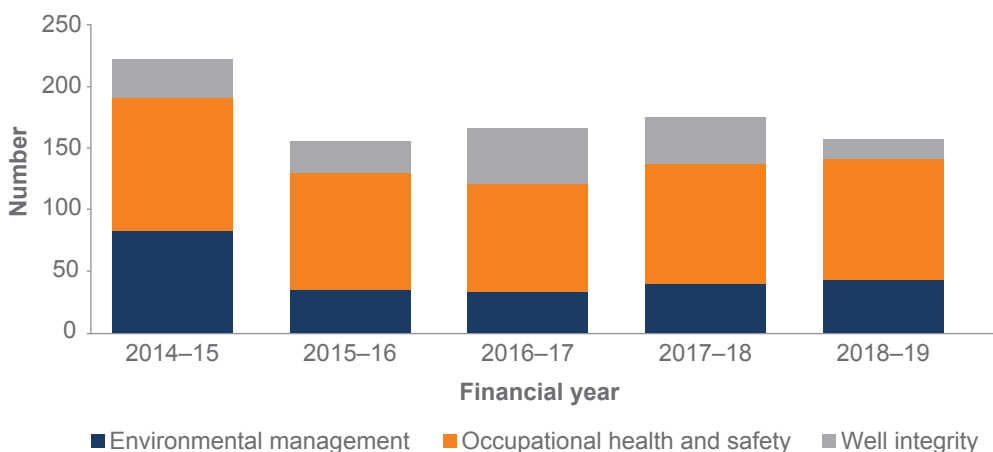
NOPSEMA completed 91 safety case assessments comprising 12 new and 79 revisions to a safety case. The range of facilities assessed included production platforms (20), vessels or other structures (19), Mobile Offshore Drilling Units (MODUs) or drill ships (21), pipelines (16) and floating production storage and offloading (15). Of the 91 safety case assessments, 72 were accepted and 19 rejected with 99% notified within the legislated timeframe.

NOPSEMA completed seven DSMS assessments with all seven being revisions to a DSMS. Of the seven DSMS assessments, six were accepted and one rejected with 100 per cent notified within the legislated timeframe.

NOPSEMA completed 17 WOMP assessments comprising 7 new and 10 revisions to a WOMP. The range of activities assessed covered all phases of a well's lifecycle from drilling and completion to abandonment. Of the 17 WOMPs, 16 were accepted and one rejected with 100 per cent notified within the legislated timeframe.

**Figure 4: Assessments 2018–19**

+ 208 other assessments including scopes of validation; final abandonment reports; environment plan summaries; end of an environment plan; applications to access the area to be avoided, establish or access a petroleum safety zone; and requests for title-related information from the NOPTA.

**Figure 5: Key permissioning document assessments 2014–15 to 2018–19****Table 1: Assessments 2014–15 to 2018–19**

Assessments by category	2014–15	2015–16	2016–17	2017–18	2018–19
Environmental management	81	35	34	40	43
Occupational health and safety	109	96	88	98	98
Well integrity	29	25	45	38	17
<b>Total</b>	<b>219</b>	<b>156</b>	<b>167</b>	<b>176</b>	<b>158</b>

## Inspection

When a company commences an offshore petroleum activity, NOPSEMA will conduct regular inspections of the activity to ensure the company is complying with the OPGGS Act, its regulations and the accepted permissioning documents.

NOPSEMA plans inspections in consideration of the risks specific to the petroleum activity, the performance and compliance history of the company in waters regulated by NOPSEMA, and any applicable industry-wide incident trends. Where necessary, NOPSEMA deploys inspectors with little to no notice; for example, to investigate reported incidents or workforce complaints.

When NOPSEMA inspectors complete an inspection, NOPSEMA provides the company with a detailed report of its findings, conclusions and recommendations. Recommendations generally identify a timeframe for matters to be addressed and require a response. In subsequent inspections, NOPSEMA inspectors will also evaluate if the company has taken the necessary actions to address recommendations but may request such actions be provided to it before this time.

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In 2018–19, NOPSEMA completed 176 inspections covering 120 facilities and 40 petroleum activities from which it issued 1214 recommendations (an average of 6.9 recommendations per inspection).

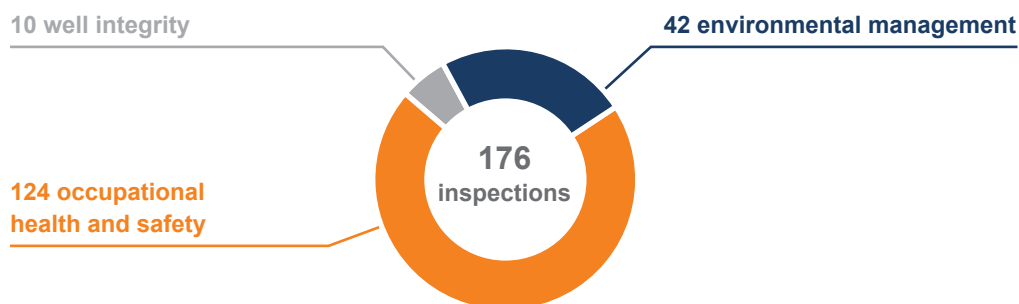
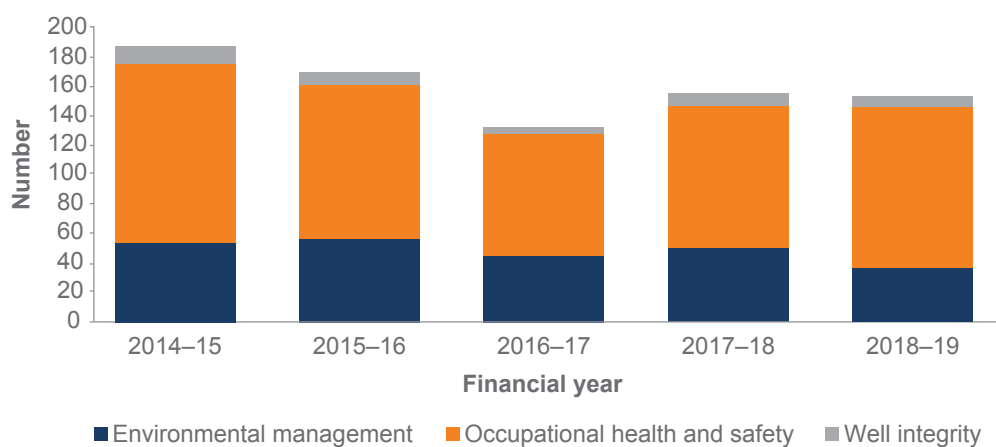
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NOPSEMA inspectors completed 42 environmental management inspections covering 40 petroleum activities from which it issued 244 recommendations. NOPSEMA programs its environmental management inspections in consideration of those activities that posed the highest risk; new titleholders with limited or no experience in the jurisdiction; exploration and development activities involving heavier crude oils; and seismic exploration activities overlapping

areas or habitats critical to the survival of a threatened and migratory species or requiring specific controls to manage interactions with socio-economic values or sensitivities. Examples of common scope items for environmental management inspections included timely source control, arrangements for the use of dispersants, invasive marine species, planned waste discharges and capability to implement plans for oil spill monitoring.

NOPSEMA inspectors completed 124 OHS inspections covering 120 facilities (including pipelines) from which it issued 939 recommendations. NOPSEMA programmed its OHS inspections in consideration of a number of factors including the facility type. At minimum, NOPSEMA sought to inspect production platforms and MODUs with personnel on board every six months and new mobile facilities by the third week of drilling activity or the sixth week for other activities. NOPSEMA sought to inspect diving and multi-purpose vessels opportunistically as the vessels may be classed as ‘facilities’ for a short period of time making them difficult to access. Examples of common scope items for OHS inspections included targeted elements of third party equipment and services, assets and aging facilities, loss of containment, safe isolation of plant and equipment and general occupational health hazards.

NOPSEMA inspectors also completed 10 well integrity inspections covering 50 activities from which it issued 31 recommendations. NOPSEMA programs its well integrity inspections in consideration of the titleholder’s level of experience and resources; how many well activities were being undertaken; and the type, pressure, water depth and complexity of the well(s). Examples of common scope items for well integrity inspections included targeted elements of third party well testing equipment on MODUs, aligning with OHS inspections on the same topic.

**Figure 6: Inspections 2018–19****Figure 7: Inspections 2014–15 to 2018–19****Table 2: Inspections 2014–15 to 2018–19**

Inspections by category	2014–15	2015–16	2016–17	2017–18	2018–19
Environmental management	59	54	39	59	42
Occupational health and safety	118	102	83	109	124
Well integrity	11	9	5	10	10
<b>Total</b>	<b>188</b>	<b>165</b>	<b>127</b>	<b>178</b>	<b>176</b>

Investigation

All incident notifications are investigated. Prior to 2019, only investigations followed up via the planned inspection process were included in the investigation number reported.

Notifications are investigated to determine if there is a potential breach of the OPGGS Act, its regulations or an accepted permissioning document.

Investigations include notifiable incidents, workforce complaints or information provided by a third-party.

Notifications are subject to an enquiry-level investigation in order to triage the incident and determine if follow-up investigation is warranted.

If NOPSEMA verifies a breach has occurred, then it will seek to correct

that breach by providing advice, issuing recommendations or taking the appropriate enforcement action.

NOPSEMA’s independent Investigation Team will investigate matters with the objective of holding the responsible parties to account; up to and including referring the matter to the Commonwealth Director for Public Prosecutions (CDPP).

In 2018–19, NOPSEMA received 471 reports of notifiable incidents, 6 complaints, and 58 instances of information provided. During the reporting period, NOPSEMA undertook 529 investigations.

Figure 8: Investigations 2018–19

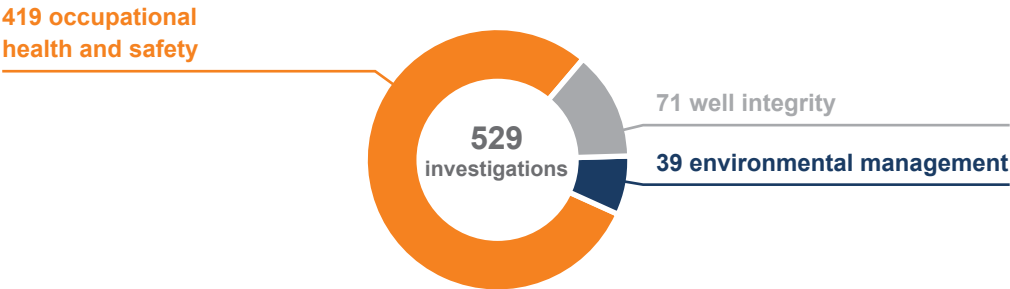


Table 3: Notifiable incidents, complaints and information provided 2014–15 to 2018–19.

Category	2014–15	2015–16	2016–17	2017–18	2018–19
Notifiable incidents	374	376	296	436	471
Complaints	8	2	3	17	6
Information provided	45	32	32	6	58
Total	427	410	331	459	535

## Enforcement

When a company breaches the OPGGS Act, its regulations, or one of its accepted permissioning documents then NOPSEMA may take enforcement action to rectify the breach, hold the responsible parties to account, and/or provide deterrence to the industry.

Typically, enforcement action is taken based on information discovered during an inspection or following an investigation into a reported notifiable incident, workforce complaint or information provided by a third-party.

There are a range of enforcement actions available to NOPSEMA enabling it to select an appropriately proportionate, targeted and effective measure to pursue. This includes issuing an improvement or prohibition notice, requesting a revision or withdrawing acceptance of a key permissioning document, issuing a direction or pursuing prosecution.

Where NOPSEMA takes enforcement action it does so in a transparent, efficient and consistent manner according to the principles of procedural fairness.

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In 2018–19, NOPSEMA took 29 enforcement actions comprising 16 improvement notices, 4 requests to revise a key permissioning document, 7 general directions, 1 prohibition notice and 1 prosecution brief. NOPSEMA also took non-statutory compliance action comprising 5 written advice/warnings.

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During the reporting period, NOPSEMA issued 29 enforcement actions. Compared to the 19 enforcement actions taken in 2017–18, this reflects an increase of 53 per cent.

Figure 10: Enforcement actions 2018–19

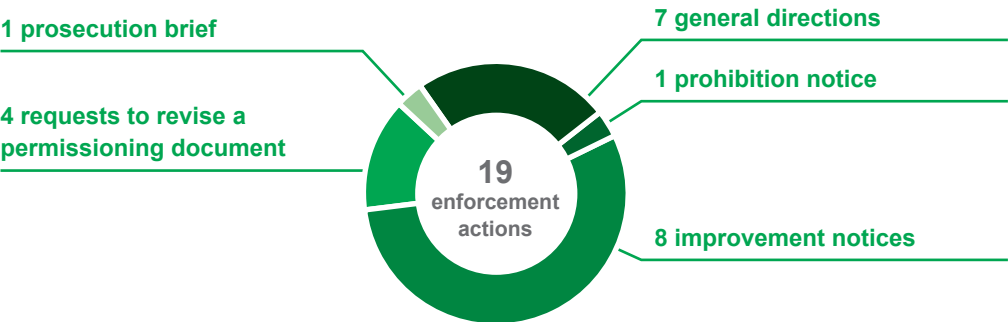


Figure 11: Enforcement actions 2014–15 to 2018–19

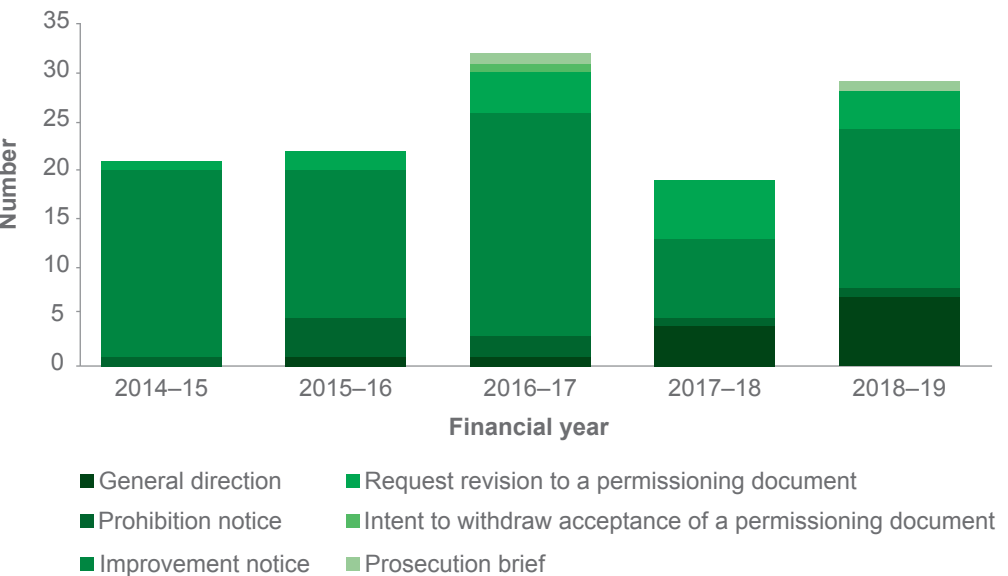


Table 4: Enforcement actions 2014-15 to 2018–19

Enforcement action	2014–15	2015–16	2016–17	2017–18	2018–19
Prosecution brief	0	0	1	0	1
Intent to withdraw acceptance of a Permissioning document	0	0	1	0	0
Request revision to a permissioning document	1	2	4	6	4
General direction	0	1	1	4	7
Prohibition notice	1	4	2	1	1
Improvement notice	19	15	23	8	16
Total	21	22	32	19	29

## Promotion and advice

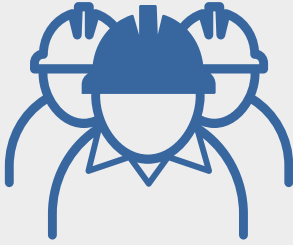
**NOPSEMA recognises effective regulation benefits from meaningful communication and engagement. As such, NOPSEMA proactively seeks to engage with its stakeholders to provide advice and promote continuous improvement.**

As part of NOPSEMA's commitment to maintain open, accountable and robust relationships with stakeholders, the authority hosted and/or participated in a variety of workshops, forums and conferences, attended by industry, government, non-government organisations and the community both in Australia and internationally. In 2018–19 this included:

- Conducting 880 liaison meetings with duty holders, state, federal and international government agencies; and other stakeholders on a range of safety, well integrity and environmental management matters
- Exhibiting alongside colleagues from the Department of Industry, Innovation and Science (DIIS), Geoscience Australia and NOPTA at the 2019 Australian Petroleum Production & Exploration Association (APPEA) conference and exhibition in Brisbane
- Participated and chaired several panel sessions at the 2019 Spillcon Conference in Perth
- Published new regulatory guidance to assist industry compliance with amendments made to the Environment Regulations
- Published a brochure explaining how to make public comment on environment plans
- Hosting public workshops to discuss the progress of initiatives to improve transparency in the offshore petroleum industry.

**Figure 12: Liaison meetings by stakeholder type 2018–19**





## WORKFORCE PARTICIPATION

NOPSEMA is committed to driving improved outcomes in health and safety and recognises the workforce plays an important role in this regard. Beyond direct engagement with the workforce, NOPSEMA also seeks to engage more broadly with organisations that represent the interests of the workforce. This engagement includes regular meetings with relevant unions and safety bodies to understand concerns.

In June 2019, NOPSEMA in collaboration with the Australian Petroleum Production Exploration Association, the Australian Council of Trade Unions and the Department of Industry, Innovation and Science successfully hosted the inaugural tripartite Health and Safety Representative (HSR) Forum in Perth.

The forum provided an ideal opportunity for HSRs to engage with their peers, regulatory authorities, and industry bodies. The event also provided a platform for HSRs to share their lessons and stories, test ideas with fellow HSRs, and become better equipped and energised to exercise their role. The forum was well attended with more than 70 HSRs representing an industry-wide team of dedicated individuals from a range of facilities, operators, contractors and professions/trades. A number of key themes were raised by participants during the forum and will be progressed as part of NOPSEMA's commitment to improving offshore safety.

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An ideal opportunity for HSRs to engage with their peers, regulatory authorities, and industry bodies.

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## Transparency initiatives

NOPSEMA has continued to implement a number of initiatives aimed at improving transparency and community confidence in the offshore petroleum regulatory regime.

A significant milestone was reached on 25 April 2019 with amendments to the Environment Regulations coming in to force.

The effect of these amendments was to require the full publication of all environment plans on submission to NOPSEMA as well as full publication of final environment plans if and when accepted. In addition the new regulations also require a mandatory 30 day public comment period for all seismic survey and exploratory drilling environment plans.

The April 2019 amendments are complementary to those made in February 2014 which introduced requirements for OPPs that provide an opportunity for public comment on offshore development activities.

Throughout the development and implementation of the amendments to the Environment Regulations, NOPSEMA coordinated the Transparency Taskforce Steering Committee comprising state and Northern Territory petroleum regulators, the Commonwealth Department of Industry Innovation and Science (DIIS), the Law Council of Australia, APPEA, National Energy Resources Australia (NERA) and Seafood Industry Australia.

The Transparency Taskforce provided a collaborative and coordinated forum to ensure that relevant stakeholders were working together to prepare for transparency and to develop and progress complementary initiatives to support improved engagement outcomes.

NOPSEMA continued to engage with the Community and Environment Reference Group on a number of matters throughout the year including changes to NOPSEMA guidance and advice in preparation for transparency.

The group comprises eight members and the NOPSEMA CEO as Chair. Members participate as individuals rather than as an affiliate or representative of any particular organisation or group. Members provide NOPSEMA with a range of different perspectives broadly reflective of the community, including: commercial and recreational fishing, conservation advocacy, public policy and government functioning, small business and tourism, cultural heritage and Indigenous communities; as well as regional perspectives from the north-west, south-east and northern regions of Australia.

## Government relations

Throughout the year NOPSEMA has undertaken significant engagement with other commonwealth and state government agencies.

DIIS, as the portfolio agency responsible for the offshore petroleum legislative regime administered by NOPSEMA, progressed a number of significant reform packages during 2018–19.

In addition to amendments to the Environment Regulations to provide greater transparency, NOPSEMA has been working closely with DIIS on the current review of the offshore safety regime. The review is being led by DIIS with the input of a Safety Stakeholder Group which includes representation from the offshore industry, the offshore workforce, unions and relevant government departments and regulatory bodies with responsibilities for the safety of workers.

NOPSEMA has also been working closely with DIIS and the National Offshore Petroleum Titles Administrator (NOPTA) to progress initiatives and reforms relating to the management of late life offshore assets and decommissioning. Consultation with stakeholders on decommissioning related initiatives was carried out during the period including the release of a DIIS discussion paper. NOPSEMA has also made a number of modifications to processes and improved interaction with NOPTA to ensure that information in relation to decommissioning and late life asset management is effectively collected from industry and shared between the agencies to improve regulatory, well integrity and environmental management outcomes.

NOPSEMA continued to engage closely with the Commonwealth Department of the Environment and Energy and report to the Minister for the Environment and Energy in relation to its compliance with the endorsed environmental management authorisation process under the EPBC Act. The endorsed process requires that NOPSEMA does not accept an environment plan that would result in unacceptable impacts to matters protected under Part 3 of the EPBC Act. For more information on NOPSEMA's performance see Appendix 2: EPBC Act streamlining performance report 2018–19.

During the period, NOPSEMA entered into a contract with the DEE to provide assessment services and technical expertise to inform decisions relating to offshore renewables projects and large scale offshore developments referred under the EPBC Act. NOPSEMA is working closely with DEE and relevant state government regulators to ensure a streamlined and technically robust process is in place for cross jurisdictional developments and emerging offshore renewables projects.

NOPSEMA continued to provide information and analysis to the relevant state and Northern Territory ministers on its assessments, inspections, investigations and enforcement actions. Engagement with state and Northern Territory governments on a number of initiatives to reduce unnecessary regulatory burden including aligning processes and conferring regulatory powers and functions was also undertaken during the year.

NOPSEMA maintained an active role in the Upstream Petroleum Resources Working Group (UPR) comprising Australian, state and Northern Territory government regulators and officials who collaborate to progress the upstream oil and gas reform agenda of the COAG Energy Council.

## International collaboration

In 2018–19, NOPSEMA continued to build its profile as a world class regulator through its active engagement with fellow international regulatory counterparts. Particular priority is given to two forums, including the International Regulators' Forum (IRF) and the International Offshore Petroleum Environmental Regulators (IOPER). These forums comprise the offshore petroleum regulatory bodies from leading international jurisdictions for safety and environmental management.

### ***IOPER***

The IOPER is a collaborative group of national regulators dedicated to raising environmental performance standards within the offshore petroleum industry. Country members include Australia (represented by NOPSEMA), Brazil, Canada, Mexico, New Zealand, Norway, the United Kingdom (UK) and the United States (US).

A number of regulatory initiatives have been progressed by members of the IOPER since its establishment in 2013. Specifically NOPSEMA has advanced work on key areas of interest notably, spill preparedness and response, marine sound and environmental performance indicators.

In November 2018, NOPSEMA's Head of Division for Environment attended the IOPER annual general meeting and seminar in Washington D.C to provide a jurisdictional update and exchange information about regulatory best practice.

In May 2019, NOPSEMA hosted a series of informal regulatory exchange sessions in Perth. IOPER members were invited to join in exploration of priority issue areas in order to present jurisdictional compliance challenges, share successes and learnings, and exchange regulatory process and

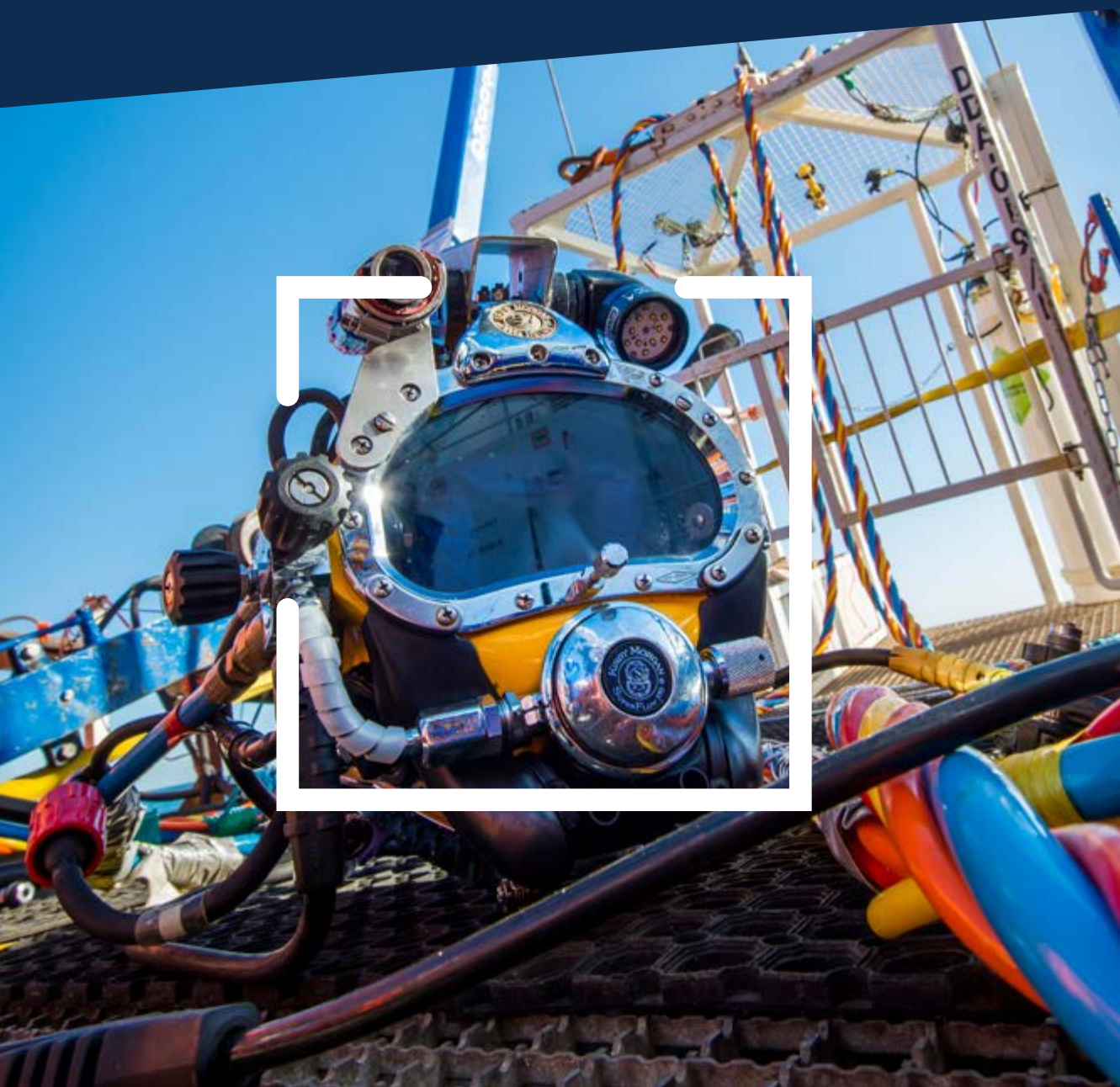
supporting materials. Each session was led by a nominated regulator with opportunity for other jurisdictions to informally share their own experience and further discuss areas of interest.

### ***IRF***

The IRF is a forum of offshore petroleum regulators from around the world and NOPSEMA is Australia's representative on this forum. Other member countries include Canada, Denmark, Mexico, New Zealand, Norway, the Netherlands, the UK, the US and the newest member Ireland. The IRF exists to drive forward improvements in health and safety in the offshore oil and gas industry through collaboration on joint programmes and information sharing.

In June 2019, IRF members gathered in The Hague for the annual general meeting. At the meeting IRF members reiterated their call to action to international petroleum industry associations and individual operators for enhanced safety leadership with sustained efforts to prevent incidents, particularly with respect to process safety and major accident events. Common areas of priority for improvement in risk reduction include the prevention of well control incidents through effective barrier management, maintaining safe operations in production, learning and knowledge sharing across the industry, and ensuring the safe implementation of digital technologies. IRF members also deliberated the rapidly changing nature of today's energy sector and discussed the development of renewable energy sources and other emerging challenges and opportunities.

# Annual performance **statements**



# Annual performance statements

**These annual performance statements incorporate performance results for the NOPSEMA corporate plan and the Regulator Performance Framework (RPF).**

NOPSEMA has aligned the reporting requirements of its corporate plan and RPF into these statements in accordance with *Resource Management Guide No. 134 Annual performance statements for Commonwealth entities*, as published by the Department of Finance, to streamline reporting processes and requirements.

The appropriateness of NOPSEMA's performance reporting is reviewed each year by its Audit Committee as per section 17(2)(b) of the Public Governance, Performance and Accountability Rule 2014.

The annual performance statements also serve as NOPSEMA's self-assessment report under the RPF and are also submitted to the organisation's Ministerial Advisory Council for endorsement.

## Entity purpose

To independently and professionally regulate offshore safety, integrity and environmental management.

**Outcome 1.1** (as per Portfolio budget statement (PBS))

Promote and enforce the effective management of risks to the workforce, the environment and the structural integrity of facilities, wells and well-related equipment of the Australian offshore petroleum and greenhouse gas storage industries through regulatory oversight.

**Programme 1.1** (as per PBS)

Regulatory oversight of safety cases, well operations management plans and environment plans coupled with effective monitoring, investigation and enforcement.

## Results summary

NOPSEMA has fully met the targets for all 23 key performance indicators (KPIs) identified in its corporate plan. These results support the fulfilment of NOPSEMA's purpose to be an independent and professional regulator.

I, Mr Stuart Smith, CEO, as the accountable authority of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), present NOPSEMA's annual performance statements for 2018–19, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act), and the RPF.

In my opinion, these annual performance statements are based on properly maintained records, accurately reflect the performance of the entity, and comply with subsection 39(2) of the PGPA Act.



Stuart Smith

27 September 2019

## Snapshot of key performance indicator (KPI) 2018–19 results

KPI 1	Assessments are undertaken in line with risk-based elements as per NOPSEMA policies
KPI 2	Risk-based inspections are conducted to meet policy targets
KPI 3	Enforcement actions are undertaken in accordance with the Enforcement Management Model (EMM)
KPI 4	Regulatory assessment and enforcement decisions include reasons for decisions where appropriate
KPI 5	Incidents are investigated in accordance with NOPSEMA policies
KPI 6	Analyse and publish industry-wide performance data regularly
KPI 7	Demonstrate that feedback is sought from stakeholders on guidance provided where relevant
KPI 8	Actions in the stakeholder engagement implementation plan are completed as scheduled
KPI 9	All relevant stakeholder events where NOPSEMA has actively participated are published
KPI 10	Reports are sent to relevant ministers
KPI 11	The NOPSEMA Advisory Board receives quarterly information reports
KPI 12	An externally validated self-assessment of performance against the Regulator Performance Framework KPIs is performed
KPI 13	Support and contribute to Portfolio Regulation Reform initiatives
KPI 14	There are established cooperative mechanisms in place with identified relevant agencies
KPI 15	Legislative change liaison with portfolio department
KPI 16	Participation at annual general meetings for IRF and IOPER
KPI 17	Regulatory and corporate process audits and improvements are undertaken in line with the quality management system
KPI 18	Completed major ICT projects are reviewed and evaluated to measure their performance in delivering objectives and value for money
KPI 19	Resourcing levels and skills are maintained within establishment requirements
KPI 20	Feedback and complaints are processed in compliance with the Regulatory Service Charter
KPI 21	An annual environment scan and risk review is completed
KPI 22	Independent audit verifies compliance with the PGPA Act
KPI 23	A cost-effectiveness review of operations is undertaken and presented to industry



Target met



Target substantially met



Target not met

## Data quality

NOPSEMA has made every endeavour to ensure the data included in the annual performance statements is accurate at the time of publication. However, data may subsequently vary as further information becomes available. Amendments and variations are noted accordingly within this report.

## Details of key performance indicators

KPIs are monitored via annual operating plans, reported internally to executive management, and reviewed as part of the annual corporate planning process. The KPI results are sourced from the regulatory management system (RMS) database and the electronic document records management system. This may include a range of data sources such as email transcripts, meetings minutes, reports and worksheets.

## Acronyms used in the KPI results

<b>AAD</b>	Australian Antarctic Division	<b>HSR</b>	Health and Safety Representative
<b>AGCC</b>	Australian Government Crisis Committee	<b>IChemE</b>	Institution of Chemical Engineers
<b>ANAO</b>	Australian National Audit Office	<b>IOPER</b>	International Offshore Petroleum Environmental Regulators
<b>APPEA</b>	Australian Petroleum Production and Exploration Association	<b>ICT</b>	Information, Communications And Technology
<b>APSC</b>	Australian Public Service Commission	<b>IRF</b>	International Regulators' Forum
<b>CCC</b>	Crisis Coordination Centre	<b>KPI</b>	Key Performance Indicator
<b>CERG</b>	Community and Environment Reference Group	<b>MAC</b>	Ministerial Advisory Council
<b>DIIS</b>	Department of Industry, Innovation and Science	<b>NOPTA</b>	National Offshore Petroleum Titles Administrator
<b>DSMS</b>	Diving Safety Management System	<b>OHS</b>	Occupational Health and Safety
<b>EM</b>	Environmental Management	<b>OPP</b>	Offshore Project Proposal
<b>EMM</b>	Enforcement Management Model	<b>RPF</b>	Regulator Performance Framework
<b>EP</b>	Environment Plan	<b>SC</b>	Safety Case
<b>FLNG</b>	Floating Liquefied Natural Gas	<b>SPE</b>	Society of Petroleum Engineers
<b>FOI</b>	Freedom of Information	<b>UPR</b>	Upstream Petroleum Resources
<b>GCAC</b>	Growth Centres Advisory Committee	<b>WOMP</b>	Well Operations Management Plan

Methodology, results and discussion

KPI 1	Assessments are undertaken in line with risk-based elements as per NOPSEMA policies			
Annual target	2015–16	2016–17	2017–18	2018–19
92%	100%	100%	100%	100%
The target has been met for the last four years.				
<div><div><p>NOPSEMA's assessment policy N-04000-PL0050 states that the detail of assessments will be proportionate to the level of risk. Resources are allocated to assessments according to the size and complexity of the facility, activity and documents. NOPSEMA makes this judgement based on its existing knowledge of the relevant environment, facility, well, pipeline, diving operation, offshore project or activity and the content of the submission.</p><p>NOPSEMA focuses on areas of the facility or activity that contribute the largest proportion of risk and on control measures and aspects of the safety management system or environmental implementation strategy that are the most critical to risk control.</p><p>Within the legislated timeframe, NOPSEMA may not necessarily assess every aspect of a submission when it is received, but will carry out such evaluations as necessary to gain sufficient assurance to make an assessment decision. The submission is typically assessed and verified by using a sampling approach which provides sufficient assurance that the submission is fit-for-purpose.</p></div><div><p>To confirm that assessments were undertaken in line with the risk-based elements, all assessment scope selections were outlined as an assessment brief and reviewed and approved by management prior to assessment completion.</p><p>The following are the key permissioning documents included in the results for this KPI that have legislated timeframes and require an assessment brief.</p><div><div>Environment plans</div><div>Offshore project proposals</div><div>Safety cases</div><div>Well operations management plans<sup>1</sup></div><div>Diving Safety Management Systems</div></div><p>During 2018–19, NOPSEMA received 156 submissions of the document types listed above and commenced assessment. Of these, 100% had risk-based assessment scopes (in the case of WOMPs and DSMSs, full assessments scopes) and briefs reviewed and approved by management.</p><p>In 2018–19, NOPSEMA continued to publish data in a number of formats, including both quarterly and annual datasets. Relevant assessments and submissions data is available on the NOPSEMA website.</p></div></div>				
KPI cross-references: PBS 1, RPF 1, RPF 2				

1 Assessment briefs are not required for the assessment of WOMPs and DSMSs as these are assessed in their entirety.

KPI 2	Risk-based inspections are conducted to meet policy targets			
Annual target	2015–16	2016–17	2017–18	2018–19
90%	95%	97%	99%	100%

**The target has been met for the last four years.**

NOPSEMA's regulatory divisions plan inspections at the start of the year and adjust those plans accordingly as offshore activity varies. The planned inspection targets are determined using a risk-based model.

Inspections are used to monitor duty holder compliance with the legislation and ongoing implementation and compliance with accepted permissioning documents, e.g.

Environment Plans (EP)

Safety Cases (SC)

Well Operations Management Plans (WOMP)

In addition to planned inspections, two other inspection types are routinely undertaken:

- vessels - on an opportunistic basis dependent on their presence in the regime and their activity.
- in relation to incidents (incident investigations) and potential breaches of compliance, with little to no notice

NOPSEMA's inspection polices are published on its website.

A record of all inspections is entered into the RMS database.

During the reporting period of 2018–19, NOPSEMA undertook a total of 176 inspections, of these, 143 were planned inspections.

Target planned inspections	143
Planned inspections undertaken	143
Other inspections <sup>2</sup>	33
<b>Total Inspections</b>	<b>176</b>

In 2018–19, 100% of the planned inspections were completed (target = 90% for this KPI<sup>3</sup>).

NOPSEMA's total inspection activity remains stable, although the inspection types fluctuate. There was a sustained increased frequency of OHS inspections on the large, newer, and more complex facilities. In total there were 15 more OHS inspections in 2018–19; of these:

- There was a 70% increase in FPSO inspections – from 26 in 2017–18 to 42 in 2018–19.

The total number of inspection types for the last two years is shown below.

	2017–18	2018–19
Environment inspections	59	42
OHS inspections	109	124
Well integrity inspections	10	10
<b>TOTAL</b>	<b>178</b>	<b>176</b>

KPI cross-references: PBS 2, RPF 3, RPF 4

<sup>2</sup> Other inspections include vessel inspections and incident investigations.

<sup>3</sup> Vessel inspections and incident investigation inspections are not included in the results for this KPI as they are not included in the target number.

KPI 3	Enforcement actions are undertaken in accordance with the Enforcement Management Model (EMM)			
Annual target	2015–16	2016–17	2017–18	2018–19
100%	100%	100%	100%	100%
The target has been met for the last four years.				
<p>When warranted, NOPSEMA takes enforcement action to address breaches of the relevant legislation or accepted permissioning document and eliminate or reduce threats to health and safety, integrity or the environment.</p> <p>NOPSEMA uses its enforcement powers in a transparent, efficient and consistent manner and according to the principles of procedural fairness.</p> <p>NOPSEMA's inspectors are guided by the organisations enforcement policy (PL0067) when considering enforcement and compliance action(s). The enforcement management model (EMM) is an intrinsic element of the decision-making process.<sup>4</sup></p> <p>All proposed enforcement actions under the powers of the OPGGS Act are referred to an internal compliance committee for review, which comprises members at a senior management level.</p>		<p>The appropriate type and level of enforcement action pursued during the reporting period was initially recommended by NOPSEMA inspectors using the EMM, and subsequently reviewed and endorsed by managers and the compliance committee.</p> <p>As part of the broader EMM framework, proposed enforcement actions were also subjected to peer, team and/or management review.</p> <p>The results of all reviews of enforcement action were saved in NOPSEMA's electronic records management system.</p> <p>NOPSEMA ensures the approved enforcement action types are entered into RMS and align with the EMM outcomes and decisions where applicable.</p>		
KPI cross-references: PBS 3, RPF 3, RPF 4				

4 The EMM may not always be formally applied for general issues identified during a planned inspection. These issues are generally better addressed in the form a recommendation within an inspection report and are overseen by senior management through the inspection process.

KPI 4	Regulatory assessment and enforcement decisions include reasons for decisions where appropriate																									
Annual target	2015–16	2016–17	2017–18	2018–19																						
100%	100%	100%	100%	100%																						
The target has been met for the last four years.																										
<p>Regulatory assessment and enforcement decisions are defined for this KPI as decisions to reject<sup>5</sup> a submission and decisions to issue enforcement actions.</p> <p>NOPSEMA's senior managers oversee the authority's assessment and enforcement decisions, and the enforcement decisions are also overseen by the authority's internal compliance committee to ensure all regulatory responsibilities are met.</p> <p>All regulatory assessment and enforcement decisions include reasons for the decision that is provided to the relevant duty holder.</p> <p>At the conclusion of assessments resulting in a rejection, the proponent or duty holder is briefed on the assessment results and the reasons for the decision. Any verbal briefings are supported in writing.</p> <p>NOPSEMA publishes a statement of reasons policy (PL1666) under the <i>Administration Decisions (Judicial Review) Act 1977</i> on its website.</p> <p>Data is published on regulatory activities each quarter on NOPSEMA's website. This includes tables on assessment outcomes and enforcement types issued.</p> <p>Note: NOPSEMA also issues non- statutory compliance actions in the form of written advice and warnings.</p>		<p>In 2018–19, NOPSEMA made 66 regulatory assessment rejections and enforcement decisions. This included 37 assessments that were rejected and 29 enforcement actions that were issued.</p> <p>Of the 37 assessments rejected, 20 were safety cases, and they were primarily rejected for the following reasons. The safety cases were:</p> <ul style="list-style-type: none"><li>not appropriate to the facilities and to the activities conducted at the facilities</li><li>not complying with Subdivisions A, B and C of Division 1 for each stage in the life of the facilities in respect of which the safety cases were submitted.</li></ul> <p>The enforcement<sup>6</sup> and compliance actions were of the following types and covered a range of issues.</p> <table><tr><th>Enforcement actions</th><th>29</th></tr><tr><td>Direction - General</td><td>7</td></tr><tr><td>EM improvement notice</td><td>3</td></tr><tr><td>Notice requiring variation of a well operations management plan</td><td>1</td></tr><tr><td>OHS improvement notice</td><td>13</td></tr><tr><td>OHS prohibition notice</td><td>1</td></tr><tr><td>Prosecution Brief</td><td>1</td></tr><tr><td>Request for a revised safety case</td><td>3</td></tr></table> <table><tr><th>Non-statutory compliance actions</th><th>5</th></tr><tr><td>OHS written advice/warning</td><td>1</td></tr><tr><td>EM written advice/warning</td><td>4</td></tr></table> <p>There were no judicial appeals received against the assessment or enforcement decisions.</p>			Enforcement actions	29	Direction - General	7	EM improvement notice	3	Notice requiring variation of a well operations management plan	1	OHS improvement notice	13	OHS prohibition notice	1	Prosecution Brief	1	Request for a revised safety case	3	Non-statutory compliance actions	5	OHS written advice/warning	1	EM written advice/warning	4
Enforcement actions	29																									
Direction - General	7																									
EM improvement notice	3																									
Notice requiring variation of a well operations management plan	1																									
OHS improvement notice	13																									
OHS prohibition notice	1																									
Prosecution Brief	1																									
Request for a revised safety case	3																									
Non-statutory compliance actions	5																									
OHS written advice/warning	1																									
EM written advice/warning	4																									
KPI cross-references: RPF 2, RPF 3, RPF 5																										

5 Rejected submissions include all variations with a similar meaning such as 'not accepted', 'refused', 'not agreed', 'further action required' etc.

6 Enforcement in this instance also includes non-statutory compliance actions.

KPI 5	Incidents are investigated in accordance with NOPSEMA policies			
Annual target	2015–16	2016–17	2017–18	2018–19
100%	100%	100%	100%	100%
The target has been met for the last four years.				
<p>NOPSEMA conducts investigations on all notifications received. Notifications are subject to an enquiry-level investigation in order to triage the incident and determine if follow-up investigation is warranted, and these are reviewed by senior managers.</p> <p>NOPSEMA typically undertakes either an offshore investigation or an investigation at a regulated business premises, where it has obtained information that identifies a significant risk gap and/or justifies seeking evidence of breaches of the legislation as a basis for enforcement action. Where practicable, and relevant to do so, investigations are incorporated into inspections, and the investigation scope and relevant dates are planned where possible.</p> <p>The decision for NOPSEMA's independent Investigation Team to conduct an investigation is based on suspected breaches of the legislation and may warrant a range of actions, up to and including prosecution.</p> <p>Most investigations are conducted with the primary aim of issuing proportionate enforcement action and identifying and sharing lessons learned with the broader industry.</p>		<p>In 2018–19, NOPSEMA received 529 notifications. Of these:</p> <ul style="list-style-type: none"><li>• 471 were reportable incidents comprising accidents, dangerous occurrences, environmental incidents, and well integrity incidents.</li><li>• 58 were notifications of events that were categorised as not reportable under the legislation.</li></ul> <p>All of these were investigated.</p> <p>Those that were identified for follow-up investigations were either immediately actioned or included in inspection scopes, some of which resulted in enforcement actions. These investigations addressed either an individual incident or a series of related incidents.</p> <p>NOPSEMA also received 6 notifications relating to offshore instances that were also investigated (as OHS or EM related complaints<sup>7</sup>) following the process above.</p>		
KPI cross-references: PBS 4, RPF 3				

7 These are offshore petroleum industry related complaints about the duty holder.

KPI 6	Analyse and publish industry-wide performance data regularly							
Annual target	2015–16	2016–17	2017–18	2018–19				
Quarterly	100%	100%	100%	100%				
The target has been met for the last four years.								
<p>Datasets are published on NOPSEMA's website each quarter comprising a series of tables and charts on industry performance and NOPSEMA's core regulatory activities.</p> <p>NOPSEMA publishes a quarterly magazine, the Regulator, that includes articles about lessons learned provided from each of the agency's regulatory divisions. The magazine also contains the quarterly datasets.</p> <p>NOPSEMA publishes an Annual Offshore Performance Report that includes comprehensive safety, well integrity and environmental management performance information and data trends.</p> <p>NOPSEMA regularly publishes alerts, information, bulletins, lessons learned articles and other news and media announcements.</p> <p>NOPSEMA offers an online subscription service on its website for news, publications and media announcements.</p>		<p>In 2018–19, NOPSEMA continued to undertake ongoing research and data analysis to inform regulatory decisions and promote improved industry performance.</p> <p>Datasets of quarterly and annual trends were published in:</p> <table><tr><td>July 2018</td><td>January 2019</td></tr><tr><td>October 2018</td><td>April 2019</td></tr></table> <p>Specific data analyses were used to inform and support articles of lessons learnt published in the Regulator, and other liaison and promotional activities.</p> <p>The 2018 Annual Offshore Performance Report was published in May 2019 and contains summary information, statistics and details of additional online resources.</p> <p>As at 30 June 2019, the Regulator magazine was sent to over 2400 subscribers with printed copies provided to various organisations representing duty holders, government and non-government stakeholders.</p>			July 2018	January 2019	October 2018	April 2019
July 2018	January 2019							
October 2018	April 2019							
KPI cross-references: RPF 5								

KPI 7	Demonstrate that feedback is sought from stakeholders on guidance provided where relevant			
Annual target	2015–16	2016–17	2017–18	2018–19
100%	100%	100%	100%	100%
The target has been met for the last four years.				
NOPSEMA seeks feedback from stakeholders on the guidance it provides via various methods, including:		In 2018–19, 10 guidance documents were published that underwent external consultation. Topics included:		
Meetings with:		<ul style="list-style-type: none"><li>Complying with diving safety regulations</li><li>Environment plans and offshore project plans</li><li>Workplace arrangements</li><li>Marine parks and petroleum activities</li><li>Acoustic impacts</li><li>Key matters reports</li></ul>		
<ul style="list-style-type: none"><li>NOPSEMA Advisory Board</li><li>duty holders</li><li>industry CEOs</li><li>associations e.g. APPEA</li><li>HSRs on offshore facilities during an inspection</li><li>special-interest groups e.g. unions, environmental non-government organisations and fishing groups</li></ul>		In addition, the following brochures were updated and/or published on the website during 2018–19:		
Direct requests:		<ul style="list-style-type: none"><li>Offshore petroleum safety case approvals</li><li>Requirements for consultation and public comment on petroleum activities</li><li>Offshore Petroleum environmental approvals</li><li>Offshore petroleum lifecycle overview</li><li>Public comment on environment plans</li><li>Introducing NOPSEMA</li></ul>		
<ul style="list-style-type: none"><li>published on the website</li><li>in the Regulator quarterly magazine</li><li>published in guidance material</li><li>at industry workshops or forums</li><li>at public information sessions.</li></ul>		There were also other opportunities for stakeholders to provide feedback at workshops/industry sessions, these included:		
NOPSEMA also periodically reviews the adequacy of its guidance and communication mechanisms to ensure stakeholders maintain an understanding of the organisation’s functions, practices and processes, particularly with respect to risk assessment.		Nov 2018	Well barriers workshop	Perth
As NOPSEMA offers numerous opportunities and mechanisms for stakeholders to provide feedback and/or complaints about NOPSEMA, (including 880 direct engagement activities for 2018–19), the authority does not typically undertake additional formal surveys.		Dec 2018	Levies	Perth
		Mar 2019	Operational Risk Assessment Industry Workshop	Perth
		Mar 2019	Offshore energy activity regulation	South Australia
		May 2019	Source Control Workshop	Perth
		Jun 2019	HSR Forum	Perth
KPI cross-references: RPF 2				

KPI 8	Actions in the stakeholder engagement implementation plan are completed as scheduled				
Annual target	2015–16	2016–17	2017–18	2018–19	
100%	100%	100%	100%	100%	
The target has been met for the last four years.					
NOPSEMA has implemented a stakeholder engagement and transparency initiative to improve community confidence in the offshore petroleum regime.  This is being achieved through: <ul style="list-style-type: none"><li>disclosure of more information</li><li>focused regulatory effort on areas of poor consultation practice</li><li>increased frequency of community input to better understand their views</li><li>increased transparency of the regulator’s decision-making processes.</li></ul>			NOPSEMA published a variety of resources for stakeholders during 2018–19 (see KPI 7).  Key achievements in the area of stakeholder engagement in 2018–19 included: <ul style="list-style-type: none"><li>continued coordination of the transparency taskforce</li><li>continued liaison with national and international industry associations e.g.<ul style="list-style-type: none"><li>DrillSafe</li><li>Safer Together</li><li>SPE</li><li>IChemE</li></ul></li><li>continued liaison with international regulatory counterparts via IRF and IOPER</li><li>participation in community drop-in sessions in Newcastle, alongside DIIS to explain NOPSEMA’s role and remit</li><li>participation in a series of community open days across four locations in South Australia</li><li>hosted information sessions for community and industry stakeholders to :<ul style="list-style-type: none"><li>communicate changes to the Environment Regulations</li><li>showcase new online systems to support transparency initiatives</li></ul></li><li>hosted the Inaugural HSR Forum in collaboration with APPEA and Safer Together</li><li>continued liaison with the members of CERG</li><li>development of late life assets guidance with DIIS and NOPTA</li><li>hosted industry workshops on well barriers and operational risk assessments.</li></ul>		
NOPSEMA continues to progress initiatives to improve engagement and transparency through a newly established transparency taskforce.  NOPSEMA communicates with stakeholders using various methods from strategic meetings and workshops to email subscriptions.  Since January 2016, NOPSEMA has published enhanced information on its website regarding the status of petroleum activity environment plan submissions and assessment decisions.  The community information section on the website provides guidance to stakeholders affected by petroleum activities on participating in the environmental approval process, as well as the following information: <ul style="list-style-type: none"><li>what’s happening offshore</li><li>how to get involved</li><li>how to find more information</li><li>frequently asked questions</li><li>how to submit feedback and complaints about NOPSEMA.</li></ul>					
KPI cross-references: RPF 1, RPF 4, RPF 5					

KPI 9	All relevant stakeholder events where NOPSEMA has actively participated are published			
Annual target	2015–16	2016–17	2017–18	2018–19
Quarterly	100%	100%	100%	100%

**The target has been met for the last four years.**

NOPSEMA maintains a stakeholder engagement register. The register contains information about NOPSEMA's advice and promotional activities with external stakeholders, including titleholder liaison meetings, industry workshops and forums and events where NOPSEMA has delivered a presentation.

NOPSEMA engages with a wide range of stakeholders, including: duty holders, contractors, consultants, service providers, all levels of government (international, federal, state and local), tertiary institutions/ academia, the offshore workforce, HSRs, unions, non-government organisations etc.

NOPSEMA publishes information about stakeholder engagement activity in the National Quarterly Performance Report and the Regulator quarterly magazine and publishes presentations on its website.

NOPSEMA's website also includes information about upcoming events in which the agency is hosting, participating or has an organisational role.

The number of engagements per year:

2015-16	2016-17	2017–18	2018–19
801	688	820	880

There were 880 stakeholder engagement activities in 2018–19, a 7% increase from 2017–18 and the highest number recorded.

These included interactions with the following groups:

Duty holders	611
Government agencies	137
Industry and trade associations	53
Other	31
Contractors	28
Working groups/ taskforce	20

In addition, NOPSEMA delivered a number of presentations at various meetings, briefings, workshops, seminar and conferences.

Relevant presentations are published on our website and can be found on the resources page:

[www.nopsema.gov.au/resources/presentations](http://www.nopsema.gov.au/resources/presentations)

KPI cross-references: RPF 2, RPF 3

KPI 10	Reports are sent to relevant ministers			
Annual target	2015–16	2016–17	2017–18	2018–19
Quarterly	100%	100%	100%	100%
The target has been met for the last four years.				
NOPSEMA has legislative requirements, agreements and obligations to keep any relevant Ministers informed of industry and/or agency matters on a regular basis.		Quarterly performance reports (national and state statistical snapshots) were submitted to relevant Commonwealth, State and Territory Ministers in:		
A number of reporting channels and ministerial reporting requirements are managed by various teams within NOPSEMA.		August 2018	January 2019	
There are a set of standard reports produced monthly, quarterly and/or annually. These reports and their accompanying transmittal records are saved in the electronic records management system (EDRMS). The team annual operating plans and task management systems record the completion of these reporting tasks each quarter.		October 2018	April 2019	
Manager oversight of the reporting tasks and performance indicator results occurs regularly. A status report is delivered to the NOPSEMA leadership team (executive management) every six months.		These reports included information about industry health and safety, well integrity and environmental management performance and, NOPSEMA's regulatory activity.		
		NOPSEMA also submitted reports to various other relevant ministers and departments as per legislated or government requirements.		
		The reports included, but were not limited to:		
		<ul style="list-style-type: none"><li>• APSC reports</li><li>• finance and budget reports</li><li>• ICT security reports</li><li>• legal expenditure reports</li><li>• FOI reports</li><li>• agency tenders and contracts reports.</li></ul>		
KPI cross-references: RPF 5, RPF 6				

KPI 11	The NOPSEMA Advisory Board receives quarterly information reports			
Annual target	2015–16	2016–17	2017–18	2018–19
Quarterly	100%	100%	100%	100%
The target has been met for the last four years.				
<p>NOPSEMA submits quarterly reports to the NOPSEMA Advisory Board (the Board) comprising information, data and trends related to industry and NOPSEMA performance.</p> <p>In addition to the quarterly data reports, operational reports detailing activities undertaken by NOPSEMA are submitted to the Board each quarter.</p> <p>The Board may request additional ad hoc data and information prior to or during for any of its quarterly meetings. Relevant information is then collated and provided to the Board accordingly.</p> <p>The reports were submitted for the quarterly Board meetings in August 2018, November 2018, March 2019 and June 2019.</p>		<p>In 2018–19, NOPSEMA provided the Board with copies of:</p> <ul style="list-style-type: none"><li>• quarterly performance reports</li><li>• NOPSEMA division/team/function operational reports</li></ul> <p>In addition the Board received various presentations, information, updates and reports on topical and emerging issues including:</p> <ul style="list-style-type: none"><li>• decommissioning and late life asset transfers</li><li>• amendments to the Environment regulations</li><li>• stakeholder engagement</li><li>• transparency</li><li>• outcomes from the inquiry into work, health and safety of workers in the offshore petroleum industry and the HSR forum.</li></ul>		
KPI cross-references: RPF 1, RPF 6				

KPI 12	An externally validated self-assessment of performance against the Regulator Performance Framework KPIs is performed				
Annual target	2015–16	2016–17	2017–18	2018–19	
Annually	100%	100%	100%	100%	
The target has been met for the last four years.					
<p>NOPSEMA's selection of performance measures for the RPF was validated by the Growth Centres Advisory Committee (GCAC)<sup>8</sup> in 2015–16.</p> <p>As NOPSEMA has aligned performance reporting requirements for the RPF with PGPA Act requirements, these annual performance statements also comprise NOPSEMA's RPF self-assessment report</p> <p>The GCAC unconditionally endorsed NOPSEMA's 2017–18 RPF self-assessment report which then was published on NOPSEMA's website, stating that:</p> <p>Overall NOPSEMA's self-assessment is a positive reflection that it has implemented the RPF and substantially met its six KPI's. The self-assessment is comprehensive and considers all of the regulatory functions of the statutory authority and its interactions with stakeholders. The link between evidence and performance measures is documented and NOPSEMA's performance KPIs adequately cover the scope of regulatory activities.</p> <p>NOPSEMA is an effective regulator, independently and professionally regulating offshore safety, well integrity and environmental management of petroleum and greenhouse gas storage industries in Commonwealth waters. The regulated entities support NOPSEMA in its role.</p>			<p>The GCAC identified an opportunity for improvement for 2018–19 - to better articulate guidance to industry on particular impacts which need to be addressed in submissions from Titleholders and Proponents.</p> <p>In response, NOPSEMA has prioritised and broadened its stakeholder engagement. <i>Please also see KPIs 7, 8 and 9.</i></p> <p>In summary, the following guidance to industry has been published:</p> <ul style="list-style-type: none"><li>• a series of guidance for the Environment Regulations that came into force in 2019</li><li>• a bulletin to clarify the application and interpretation of oil spill modelling presented in environment plans</li><li>• a new guidance note on workplace arrangements</li><li>• the draft operational risk assessments guidance note for comment</li></ul> <p>Five factsheets were also published during 2018–19 regarding marine seismic surveys, and oil spill response arrangements, strategies, dispersants and modelling.</p> <p>The 2018–19 RPF self-assessment of performance has been submitted for validation to the GCAC.</p>		
KPI cross-references: RPF 4, RPF 6					

KPI 13	Support and contribute to portfolio regulation reform initiatives				
Annual target	2015–16	2016–17	2017–18	2018–19	
100%	100%	100%	100%	100%	
The target has been met for the last four years.					
As per the Australian Government's reform agenda, NOPSEMA developed flexible work programme documents.		This was demonstrated by engaging and understanding our regulated entities and other stakeholders and by undertaking regulatory activities in a timely manner.			
NOPSEMA continued to ensure regulatory burden and impact was minimised for regulated entities, while still maintaining regulatory objectives.		Further details are referenced in KPI 14 and RPF KPI 1 responses below.			
KPI cross-references: RPF 4, RPF 6					

KPI 14	There are established cooperative mechanisms in place with identified relevant agencies				
Annual target	2015–16	2016–17	2017–18	2018–19	
100%	100%	100%	100%	100%	
The target has been met for the last four years.					
<p>NOPSEMA has established cooperative mechanisms to interact with relevant government agencies.</p> <p>These cooperative mechanisms include in-person and written exchanges of information, such as working groups and forums, attendance at both regularly scheduled and ad hoc meetings, the provision of written reports and updates, and other email and telephone exchanges.</p> <p>Records of established cooperative mechanisms, related documents, exchanges, correspondence and meeting minutes are saved into the electronic document records management system and also may be recorded on appropriate internal registers where relevant.</p>			<p>With a view to streamlining processes under the offshore petroleum regime, NOPSEMA has been working closely with NOPTA on decommissioning matters associated with offshore oil and gas activities.</p> <p>Examples of other established co-operative mechanisms that were undertaken in 2018–19 include:</p> <ul style="list-style-type: none"><li>• DIIS Quarterly heads of agency meetings</li><li>• DIIS Stakeholder Group sessions on the Review of the Offshore Safety Regulatory Framework</li><li>• Upstream Petroleum Resources (UPR) Working Group - bi-annual meetings with state and commonwealth representatives</li><li>• Crisis Coordination Centre<sup>9</sup> meetings</li><li>• Australian Antarctic Division – contract of service agreement</li><li>• State regulatory agencies – regular meetings</li></ul>		
KPI cross-references: RPF 4					

KPI 15	Legislative change liaison with portfolio department			
Annual target	2015–16	2016–17	2017–18	2018–19
Quarterly	100%	100%	100%	100%

**The target has been met for the last four years.**

NOPSEMA has a legislative change management framework in place. Within this framework, NOPSEMA proposes key priorities and contributes to legislative change, collaborating frequently with DIIS.

NOPSEMA participates in regular meetings with the portfolio department and all documentation, including minutes and any actions, are recorded and saved in the electronic records management system.

Over the course of the year NOPSEMA continued to contribute significantly to legislative change processes lead by DIIS.

NOPSEMA contributed significant support to DIIS in the development and finalisation of the *Offshore Petroleum and Greenhouse Gas Storage Amendment (Miscellaneous Amendments) Bill 2018* and the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Bill 2018*. These bills were introduced to the 45<sup>th</sup> Parliament but failed to pass before the federal election of 2019. They have been reintroduced to the 46<sup>th</sup> Parliament.

These bills contain significant amendments relevant to NOPSEMA's functions and for which NOPSEMA has strongly advocated. Amendments supported by NOPSEMA include transfer of regulatory responsibility for greenhouse gas activities from the responsible Commonwealth minister to NOPSEMA and improvements and additions to the suite of NOPSEMA inspection and enforcement powers, in particular as they relate to well integrity laws.

NOPSEMA also contributed significantly to the development of amendments to the OPGGS Environment regulations to provide for full publication of environment plans and public comment on environment plans for exploration activities. This represents the culmination of 4 years of work by NOPSEMA and DIIS on initiatives to improve transparency and stakeholder participation in the regime. NOPSEMA is continuing to work through implementation of these amendments including through modifications to its website and suite of guidance and advice materials.

KPI cross-references: RPF 6

KPI 16	Participation at annual general meetings for IRF and IOPER																		
Annual target	2015–16	2016–17	2017–18	2018–19															
100%	100%	100%	100%	100%															
The target has been met for the last four years.																			
<p>NOPSEMA is a member of the International Regulators' Forum (IRF) which was formed in 1993 to provide international leadership on safety-related regulatory matters. The IRF currently comprises ten member countries.</p> <p>NOPSEMA is also Australia's representative on the IRF management committee, along with Canada and Norway.</p> <p>The IRF focuses on offshore safety for the international petroleum industry and exists to drive improvements in health and safety performance through collaboration on joint programmes and information sharing.</p> <p>NOPSEMA's environmental credentials have been recognised through its membership and role within the International Offshore Petroleum Environmental Regulators (IOPER) group.</p> <p>The IOPER group comprises eight member countries and exists to drive improvements in environmental management performance in the global offshore petroleum industry.</p> <p>NOPSEMA also participates in the various IOPER sub-committee working groups, e.g. Oil Spill Working Group, Marine Sound Working Group.</p>			<p>During 2018–19, NOPSEMA participated in the following:</p> <table><tr><th colspan="2">IRF</th></tr><tr><td>Annual General Meeting (AGM)</td><td>Jun 2019</td></tr><tr><td>Mid-year Meeting</td><td>May 2019</td></tr><tr><td>Management Committee meetings</td><td>Nov 2018 Feb 2019</td></tr></table> <table><tr><th colspan="2">IOPER</th></tr><tr><td>Mid-year meeting<sup>10</sup></td><td>Sept 2018</td></tr><tr><td>Conference</td><td>May 2019</td></tr></table> <p>Topics included:</p> <ul style="list-style-type: none"><li>• Safety culture Community of Practice</li><li>• Performance measures</li><li>• Standards</li><li>• Well control</li><li>• Operator incident investigations</li><li>• IRF Strategic direction</li><li>• Mitigating impacts from marine seismic surveys (marine sound working group)</li></ul> <p>In addition, in April 2019 NOPSEMA submitted an annual article to the IRF on the topic of well barriers, published online at <a href="http://www.irfshoresafety.com/monthly-articles">www.irfshoresafety.com/monthly-articles</a></p>			IRF		Annual General Meeting (AGM)	Jun 2019	Mid-year Meeting	May 2019	Management Committee meetings	Nov 2018 Feb 2019	IOPER		Mid-year meeting <sup>10</sup>	Sept 2018	Conference	May 2019
IRF																			
Annual General Meeting (AGM)	Jun 2019																		
Mid-year Meeting	May 2019																		
Management Committee meetings	Nov 2018 Feb 2019																		
IOPER																			
Mid-year meeting <sup>10</sup>	Sept 2018																		
Conference	May 2019																		
KPI cross-references: RPF 1, RPF 4, RPF 6																			

10 The 2018 AGM was in May 2018, and the 2019 AGM is scheduled for October 2019, so both fall outside the 2018–19 financial year.

KPI 17	Regulatory and corporate process audits and improvements are undertaken in line with the quality management system				
Annual target	2015–16	2016–17	2017–18	2018–19	
100%	100%	100%	100%	100%	
The target has been met for the last four years.					
<p>NOPSEMA's quality management system (QMS) comprises over 55 individual series of policies and procedures, including a series regarding management of the QMS.</p> <p>Each series has an identified audit schedule (typically two to four years) which is used to manage and plan auditing processes.</p> <p>In addition to audits, improvement projects are undertaken as opportunities are identified, and in particular cases management reviews are conducted on processes.</p>			<p>During 2018–19, NOPSEMA's internal audit team progressed reviews, audits and system improvements on a range of series.</p> <p>The work resulted in:</p> <ul style="list-style-type: none"><li>• recommendations and opportunities for improvement being raised and closed out</li><li>• reviews of processes with stakeholders being consulted</li><li>• QMS documents being created, corrected or withdrawn.</li></ul> <p>The annual audit report records the Quality Assurance details, which demonstrate that audits and improvements are conducted in accordance with the established procedures.</p>		
KPI cross-references: RPF 1, RPF 6					

KPI 18	Completed major ICT projects are reviewed and evaluated to measure their performance in delivering objectives and value for money				
Annual target	2015–16	2016–17	2017–18	2018–19	
100%	n/a <sup>11</sup>	100%	100%	100%	
The target has been met for the last three years.					
NOPSEMA continued to implement ongoing cost-saving measures in 2018–19 that impacted the number of ICT projects established.		In 2018–19, five relevant ICT project business cases were created.			
Criteria for inclusion in this measure include:		Of these, two were completed and met the criteria for reporting:			
<ul style="list-style-type: none"><li>• there was a business case created in the reporting period</li><li>• it qualifies as a project under NOPSEMA's project management system (as compared to a simple procurement)</li><li>• the project costs over \$20 000</li><li>• the project was completed.</li></ul>		<ul style="list-style-type: none"><li>• Electronic transmission of outgoing correspondence</li><li>• Key compliance issues</li></ul>			
		Both these projects delivered their primary benefits on time and within budget.			
		Three projects are ongoing and/or deferred:			
		<ul style="list-style-type: none"><li>• Meeting room upgrades (deferred)</li><li>• Environment plan transparency (ongoing)</li><li>• NOPSEMA online (ongoing)</li></ul>			
KPI cross-references: RPF 6					

11 The 2015-16 result is not available as this KPI was a new addition to the corporate plan in 2016–17.

KPI 19	Resourcing levels and skills are maintained within establishment requirements								
Annual target	2015–16	2016–17	2017–18	2018–19					
90%	100%	100%	100%	100%					
The target has been met for the last four years.									
<p>NOPSEMA monitors and maintains staff skill levels through its employee performance management process that includes the consideration and review of demonstrated core competencies. Staff are required to participate in the employee management process each quarter.</p> <p>NOPSEMA has built a critical mass of regulatory specialists with the necessary skill sets and expertise.</p> <p>NOPSEMA maintains an establishment register and vacancies are filled according to approved operational requirements and are reviewed on an ongoing basis. Resources are allocated proportionate to risk. This KPI reports the number of positions that are filled as a proportion of the total number of established positions.</p> <p>The NOPSEMA CEO and the NOPSEMA Advisory Board positions are both funded by DIIS.</p> <p>NOPSEMA's human resources team provides regular reports to the relevant minister, the NOPSEMA Advisory Board and the APSC. These reports include information about staffing levels, vacancies and recruitment.</p>			<p>NOPSEMA continued to action the human resources strategy and implementation plan for 2018 – 2022. This includes establishing a learning and development framework, which is currently in progress.</p> <p>NOPSEMA recruited staff for critical positions indicative of industry activity.</p> <p>During 2018–19, the positions status was:</p> <table><tr><td>Total established<sup>12</sup> positions</td><td>125</td></tr><tr><td>Filled positions</td><td>125</td></tr></table> <p>As at 30 June 2019, 100% of the established positions were filled, comprising ongoing, non-ongoing, seconded and temporary staff.</p> <p>Skill levels were maintained with all staff completing the required training and having met performance management expectations.</p>			Total established <sup>12</sup> positions	125	Filled positions	125
Total established <sup>12</sup> positions	125								
Filled positions	125								
KPI cross-references: RPF 1									

12 Establishment is defined as the agreed maximum number of positions for NOPSEMA to fulfil its legislative requirements

KPI 20	Feedback and complaints are processed in compliance with the Regulatory Service Charter																		
Annual target	2015–16	2016–17	2017–18	2018–19															
100%	100%	83% <sup>13</sup>	100%	100%															
The target has been met or substantially met for the last four years.																			
<p><b>Note:</b> Complaints about duty holders regarding possible breaches of offshore safety, well integrity and environmental management requirements under the legislation are managed in accordance with NOPSEMA's notifications policy, and as such are not included in this KPI.</p> <p>NOPSEMA's regulatory services charter is published on NOPSEMA's website.</p> <p>The service standards in the charter state that NOPSEMA will provide a formal process to receive, consider and act on stakeholder feedback and complaints (about NOPSEMA).</p> <p>NOPSEMA receives feedback (both positive and negative) and complaints about the agency's service and discharging our responsibilities through various channels but also offers a dedicated mailbox: <a href="mailto:feedback@nopsema.gov.au">feedback@nopsema.gov.au</a>.</p> <p>NOPSEMA maintains a feedback and complaints register that includes references to relevant documents and completion/ finalisation dates to ensure the agency acknowledges all complaints received and responds to the complaints in a timely manner. The target is to acknowledge all complaints within three working days.</p>		<p>The table below shows the emails received via the dedicated mailbox each year.</p> <table><tr><th></th><th>Feedback</th><th>Complaints</th></tr><tr><td>2015–16</td><td>20</td><td>1</td></tr><tr><td>2016–17</td><td>1</td><td>6</td></tr><tr><td>2017–18</td><td>3</td><td>1</td></tr><tr><td>2018–19</td><td>0</td><td>1</td></tr></table> <p>In 2018–19, NOPSEMA received one complaint through the dedicated mailbox. This was acknowledged and closed out within the three day target.</p> <p>NOPSEMA is always open to receiving feedback from its stakeholders and uses a variety of other tools and mechanisms to do so, e.g.</p> <ul style="list-style-type: none"><li>• Requesting workshop participants to fill out feedback forms.</li><li>• Using interactive online tools at NOPSEMA workshops/forums.</li><li>• Providing stakeholders with opportunities to give feedback during face-to-face meetings and briefings.</li></ul> <p>This feedback is then collated, processed, analysed and actioned accordingly.</p>				Feedback	Complaints	2015–16	20	1	2016–17	1	6	2017–18	3	1	2018–19	0	1
	Feedback	Complaints																	
2015–16	20	1																	
2016–17	1	6																	
2017–18	3	1																	
2018–19	0	1																	
KPI cross-references: RPF 2, RPF 5, RPF 6																			

13 In 2016–17 one of the six complaints received was not processed and acknowledged within the target 3-day period.

KPI 21	An annual environment scan and risk review is completed			
Annual target	2015–16	2016–17	2017–18	2018–19
Annually	100%	100%	100%	100%
The target has been met for the last four years.				
<p>NOPSEMA undertakes an annual environmental scan as the first step in its annual risk review process.</p> <p>The scan includes the identification of external factors using a PESTLE<sup>14</sup> tool and methodology, and an analysis of our internal strength and weaknesses by undertaking a SWOT<sup>15</sup> factors analysis.</p> <p>The scan assists NOPSEMA to identify new and emerging issues that should be considered during its annual risk review process. Subsequently, this may result in a change to how NOPSEMA assesses and controls an identified risk.</p> <p>The annual risk review is undertaken by all risk and control owners whom are requested to review the identified risks, controls, actions and measures in the NOPSEMA business risk register.</p> <p>The environment scan and risk review results then are also used to inform NOPSEMA's corporate planning and annual operating planning processes, and to assist in identifying the agency's priorities.</p> <p>NOPSEMA also completes the Comcover Annual Risk Management Benchmarking Programme each year.</p>		<p>Findings from the 2018–19 environment scan include:</p> <p><b>Strengths</b></p> <ul style="list-style-type: none"><li>• NOPSEMA engagement with stakeholders</li><li>• professional and highly skilled staff</li><li>• NOPSEMA has a strong reputation among regulators</li></ul> <p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>• further investment in training and development</li><li>• identification of knowledge gaps for research organisations</li><li>• conferrals from states and territories.</li></ul> <p>Findings from the annual risk review conclude that all our business risks remain at the moderate to low or negligible levels.</p> <p>We have again achieved an 'Advanced' level rating for our risk management system from Comcover in the annual benchmarking programme survey.</p>		
KPI cross-references: RPF 1, RPF 3				

14 PESTLE: political, economic, social, technological, legal and environmental

15 SWOT: strengths, weakness, opportunities and threats

KPI 22	Independent audit verifies compliance with the PGPA Act			
Annual target	2015–16	2016–17	2017–18	2018–19
Annually	100%	100%	100%	100%
The target has been met for the last four years.				
The Australian National Audit Office (ANAO) undertakes an audit on financial statements to verify financial systems, records, and results of the agency each financial year.  The audit outcome (independent auditor's report) is included in NOPSEMA's annual report each year.		The report for 2018-19 stated that the financial statements of NOPSEMA: <ul style="list-style-type: none"><li>• comply with Australian Accounting Standards – Reduced Disclosure Requirements and the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015; and</li><li>• present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.</li></ul>		
KPI cross-references: RPF 5				

KPI 23	A cost-effectiveness review of operations is undertaken and presented to industry			
Annual target	2015–16	2016–17	2017–18	2018–19
Annually	100%	100%	100%	100%
The target has been met for the last four years.				
<p>As a statutory authority, NOPSEMA operates on a cost recovery basis through levies and fees collected from duty holders who are planning and undertaking offshore oil and gas operations. These arrangements ensure that NOPSEMA is sufficiently resourced to independently and effectively regulate safety, well integrity and environmental management.</p> <p>Each financial year, NOPSEMA prepares a report that assesses the cost effectiveness of the authority's operations. NOPSEMA's financial report on cost-effectiveness is provided in accordance with Regulation 62 of the Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004.</p>		<p>NOPSEMA's 2017–18 cost-effectiveness review report was published on NOPSEMA's website in Quarter 1 2019.</p> <p>For the 2017–18 reporting period NOPSEMA had total expenditure of \$31.7M and an operating surplus of \$0.2M. During 2018, NOPSEMA undertook a review of its Cost recovery implementation statement (CRIS), including consultation with industry. The review resulted in increases to NOPSEMA's levies, which took effect on 1 January 2019.</p> <p>NOPSEMA delivered a presentation of the report to industry and other stakeholders on 11 April 2019. The presentation included an opportunity for industry and other stakeholders to ask questions about the report and was well received.</p>		
KPI cross-references: RPF 5, RPF 6				

## Analysis of performance against entity purpose

The table below identifies any changes that may have impacted NOPSEMA's performance.

Changes to:	(a)	Purpose	No changes that impacted performance
		Activities	NOPSEMA has increased regulatory activities in response to the commissioning phases of new large-scale and complex offshore facilities and activities (e.g. FLNG).
		Organisational capabilities	No changes that significantly impacted performance
	(b)	Operating environment	<p>There was an increase in industry activity in the following:</p> <ul style="list-style-type: none"> <li>increase in number of active operators and facilities</li> <li>increase in total hours worked offshore</li> <li>increase in the number of incidents reported.</li> </ul>

## Portfolio Budget Statements (PBS) performance

A subset of four regulatory activity-based KPIs (1, 2, 3 and 5) were selected as appropriate performance measures for (ongoing) inclusion in the annual Portfolio Budget Statements. These performance measures are used to indicate NOPSEMA's achievement of the program.

### Summary of PBS key performance indicator results

KPI	Results discussion	2015– 16	2016– 17	2017– 18	2018– 19
Assessments are undertaken in line with risk-based elements as per NOPSEMA policies	NOPSEMA considered risk to determine the appropriate brief and scope for assessment of all safety cases, well operations management plans and environment plans submitted.	✓	✓	✓	✓
Risk-based inspections are conducted to meet policy targets	NOPSEMA effectively monitored industry via planned inspections based on risk-based models.	✓	✓	✓	✓
Enforcement actions are undertaken in accordance with the Enforcement Management Model (EMM)	Effective enforcement activity was maintained through adherence to the enforcement management model, which is subject to audit, management oversight and peer review.	✓	✓	✓	✓
Incidents are investigated in accordance with NOPSEMA policies	Effective investigation practices were maintained through adherence to the investigation policy, which is subject to audit, management oversight and peer review.	✓	✓	✓	✓

 Target met

 Target substantially met

 Target not met

## Regulator Performance Framework

NOPSEMA administers, monitors and enforces regulation and, as a Commonwealth regulator, is required to implement the Regulator Performance Framework (RPF). The framework consists of six outcomes-based KPIs covering reducing regulatory burden, communications, risk-based and proportionate approaches, efficient and coordinated monitoring, transparency, and continuous improvement. All Commonwealth regulators must assess their performance under the RPF. Further information on the RPF is available at: <https://docs.employment.gov.au/documents/regulator-performance-framework>.

### NOPSEMA's approach

NOPSEMA has aligned the requirements of the RPF with the PGPA Act and the Enhanced Commonwealth Performance Framework. This gives the agency the flexibility to streamline performance assessment and reporting while still ensuring accountability and transparency are maintained.

The requirements of the RPF state that Commonwealth regulators must self-assess their performance against the RPF annually. The results of the self-assessment report must:

- be validated by the approved Ministerial Advisory Council, as external stakeholders, for NOPSEMA this is the GCAC
- be certified by the agency's accountable authority (the CEO)
- be provided to the agency's portfolio minister
- be published no later than 31 December each year.

### Summary of results

Details and performance results against NOPSEMA's primary KPIs are included in the annual performance statements. Additional and notable points specific to the RPF, including identified focus areas for each KPI, are discussed in the following tables.

### Performance statement

NOPSEMA met all six RPF KPIs in 2018–19. NOPSEMA's self-assessment results indicate that it fulfils its purpose to 'independently and professionally regulate offshore health and safety, integrity and environmental management' and does so within a continuous improvement setting.

## Methodology, results and discussion

RPF 1	Regulators do not unnecessarily impede the efficient operation of regulated entities			
Focus areas include assessments, stakeholder engagement, risk awareness, process improvement and maintaining skills.	2015–16	2016–17	2017–18	2018–19
	All targets met	All targets met	All targets met	All targets met

NOPSEMA continued to ensure regulatory burden and impact was minimised for regulated entities, while still maintaining regulatory objectives. This was demonstrated by engaging and understanding our regulated entities and other stakeholders and by undertaking regulatory activities in a timely manner. Examples include:

- assessments and inspections were risk based and completed promptly
- NOPSEMA published a suite of resources for stakeholders
- improved consultation practices for advice (guidance) were implemented
- compliance costs were minimised where appropriate
- the NOPSEMA Advisory Board received regular reports on NOPSEMA and industry performance
- active participation in international regulatory groups and forums
- continued to control, review and audit regulatory processes
- continued to illustrate operational performance thorough the timely publication of various performance metrics and reports on the website
- continued to maintain and improve ongoing professional development of staff
- continued to allocate resources proportionate to identified risks
- completed an annual risk review including an environment scan that identified risks.

The following corporate plan KPIs are relevant to this performance measure:

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
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RPF 2	Communication with regulated entities is clear, targeted and effective			
Focus areas include publishing information and results, transparency, consultation and feedback.	2015–16	2016–17	2017–18	2018–19
	All targets met	Targets substantially met	All targets met	All targets met

NOPSEMA continued to prioritise stakeholder engagement. This was demonstrated through the establishment and coordination of the transparency initiative, which progressed a suite of projects to improve the transparency and community confidence in the offshore petroleum regulatory regime. The initiative was overseen by a multi-sector steering committee. In addition, NOPSEMA:

- continued to communicate with duty holders prior to, and during assessment periods
- communicated regulatory decisions to duty holders in a timely manner and, where appropriate, with reasons
- continued to review the adequacy of guidance and communication mechanisms to ensure stakeholders maintain an understanding of assessment processes, particularly with respect to risk assessment
- conducted and participated in workshops and consultation with relevant stakeholders where appropriate , and published this information online
- continued the NOPSEMA Community and Environmental Reference Group (CERG)
- provided electronic and printed copies of the Regulator quarterly magazine to duty holders
- processed feedback and complaints about NOPSEMA in a timely manner.

The following corporate plan KPIs are relevant to this performance measure:

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
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RPF 3	Actions undertaken by regulators are proportionate to the regulatory risk being managed			
Focus areas include risk-based regulatory actions, workshops and promotion and stakeholder feedback.	2015–16	2016–17	2017–18	2018–19
	Targets substantially met	All targets met	All targets met	All targets met

NOPSEMA's overarching compliance strategy incorporates the following principle:

Decisions and actions taken by NOPSEMA are targeted, proportionate, accountable, fair, informed, flexible, systematic, consistent, transparent and consultative.

Examples of proportionate compliance actions included:

- continued use of a risk-based approach for regulatory activities that considers the relevant risk factors and performance and compliance history
- continued liaison with duty holders to inform them of the risk-based approach to regulatory actions
- continued availability of risk management and regulatory risk-based policies and procedures to staff and stakeholders
- continued training in risk management policies, processes and procedures
- the NOPSEMA enforcement policy includes options for graduated compliance actions consistent with the regulator's powers and legislation
- NOPSEMA's internal compliance committee continued to implement the organisation's compliance strategy, including oversight of regulatory compliance risk and enforcement decisions
- current and emerging risks were identified in the annual environment scan.

The relevant minister's Statement of Expectations and NOPSEMA's Statement of Intent are published on NOPSEMA's website.

The following corporate plan KPIs are relevant to this performance measure

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
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RPF 4	Compliance and monitoring approaches are streamlined and coordinated			
Focus areas include reducing regulatory burden, working collaboratively and stakeholder engagement.	2015–16	2016–17	2017–18	2018–19
	All targets met	All targets met	All targets met	All targets met

NOPSEMA's compliance strategy outlines approaches and principles relevant to the agency's compliance and monitoring activates (see RPF 3). In addition, examples of streamlining and coordination approaches in 2018–19 include:

- continued assurance through annual planning processes that regulatory activity is coordinated and efficient, in consideration of reducing regulatory burden
- the commencement of a series of management reviews looking to improve both the effectiveness and efficiency of our core processes
- communicating NOPSEMA's expectations to duty holders to assist in effective and efficient inspections
- the provision for cross-divisional coordination in policies and procedures for planning regulatory activities
- regular interaction and working groups with international regulators and industry bodies with regard to best practice in compliance and monitoring approaches
- compliance activities were based on risk and considered the operational requirements of duty holders
- NOPSEMA's internal compliance committee continued to implement the organisation's compliance strategy, including overseeing regulatory compliance risk and enforcement decisions.
- requests for further information from duty holders were specific and necessary, and minimised impact.

The following corporate plan KPIs are relevant to this performance measure

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
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RPF 5	Regulators are open and transparent in their dealings with regulated entities			
Focus areas include reporting and publishing information, transparency, stakeholder presentations and feedback.	2015–16	2016–17	2017–18	2018–19
	All targets met	Targets substantially met	All targets met	All targets met

NOPSEMA continued to prioritise stakeholder engagement. This was demonstrated through the establishment and coordination of the transparency initiative, which progressed a suite of projects to improve the transparency and community confidence in the offshore petroleum regulatory regime. The initiative was overseen by a multi-sector steering committee.

NOPSEMA continued to improve its openness and transparency through implementing a range of initiatives to better inform the community of its role and responsibilities.

This included a number of initiatives to demonstrate the rigorous nature of NOPSEMA's regulatory activities. For example, NOPSEMA has:

- ensured duty holders were informed of reasons for regulatory decisions
- a regulatory service charter published on the NOPSEMA website that describes the organisation's approach to stakeholder interactions
- a number of initiatives in place designed to systematically and comprehensively improve consultation processes between relevant persons and titleholders and build community confidence in offshore petroleum regulatory regime
- published guidance readily available to stakeholders on the website
- regularly engaged with duty holders to inform them of NOPSEMA's expectations with numerous feedback opportunities
- promptly responded to stakeholder feedback, complaints and requests for information
- independent financial audit result and cost effectiveness report published annually
- regularly published performance measurement results on the website.

The following corporate plan KPIs are relevant to this performance measure

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
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RPF 6	Regulators actively contribute to the continuous improvement of regulatory frameworks			
Focus areas include reporting, auditing and evaluation, legislative change, liaison and strategic planning.	2015–16	2016–17	2017–18	2018–19
	All targets met	Targets substantially met	All targets met	All targets met

NOPSEMA encourages a high performance culture and identifies improvements through its internal audit, review, evaluation, collaboration and analysis processes. Examples of the organisation’s active contributions to continuous improvement in 2018–19 include:

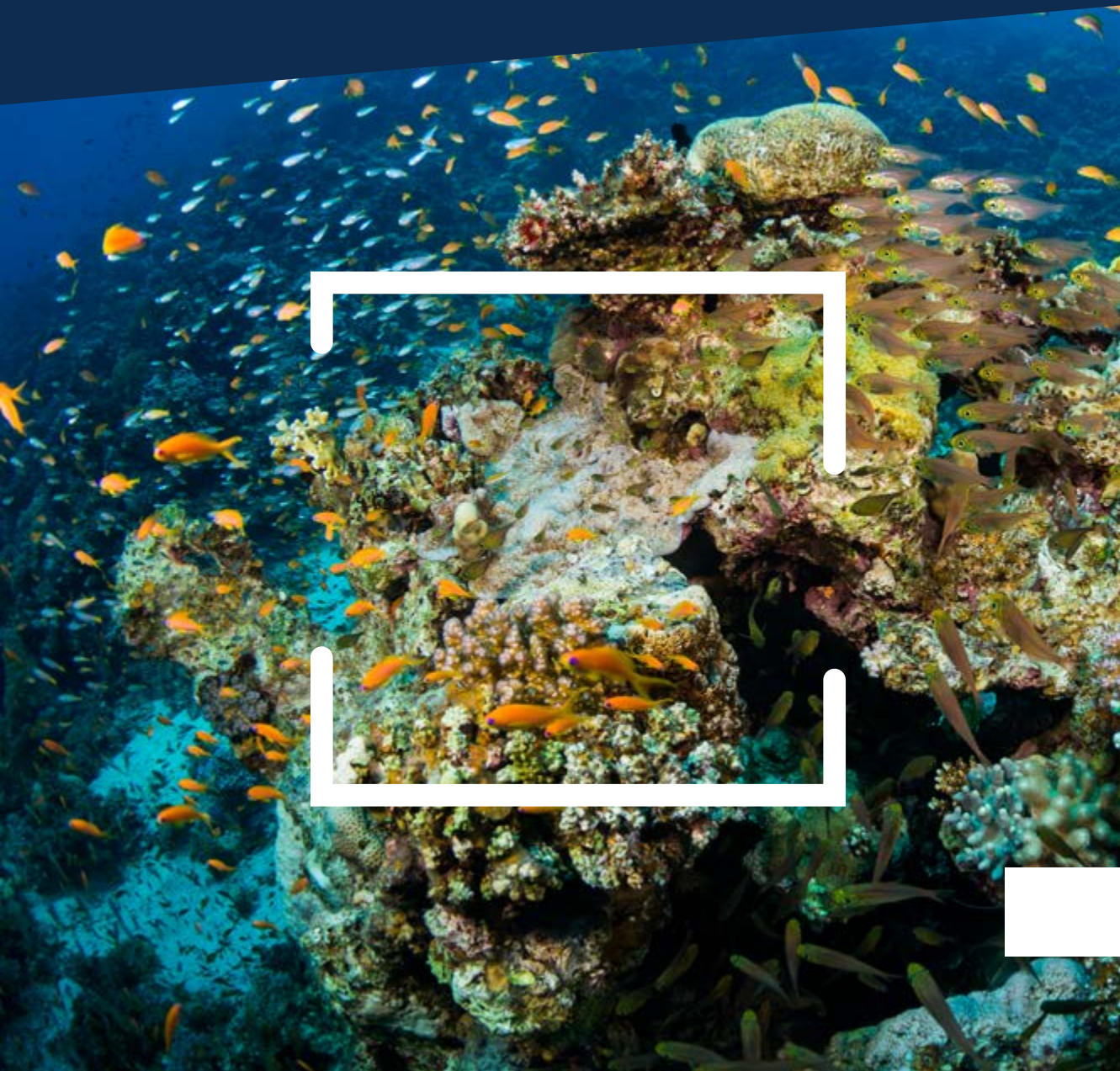
- continued to update and publish guidance material for duty holders e.g. new environmental regulations regarding transparency
- published a bulletin to clarify the application and interpretation of oil spill modelling
- continued to publish datasets and reports regarding both NOPSEMA and industry performance to identify opportunities for improvement
- sought advice from the NOPSEMA Advisory Board through regular meetings and referrals, noting the continued quality and experience provided by members
- provided regular (quarterly) and topical reports to the Board
- member of the AMSA Industry Advisory Board
- the recommendation for improvement from GCAC regarding additional guidance to duty holders was actioned
- continued ongoing collaboration with the DIIS on legislative change
- continued to represent Australia as a member of the IRF and IOPER, in addition to holding a position as a member of the IRF management committee
- recommendations and opportunities for improvement for various regulatory processes were raised via the internal audits programme
- active participation and/or co-hosting of industry events e.g. source control workshop, and Spillcon
- feedback and complaints about NOPSEMA received (via the dedicated mailbox) were considered and actioned accordingly.

With a view to streamlining processes under the offshore petroleum regime, NOPSEMA has been working closely with NOPTA on decommissioning matters associated with offshore oil and gas activities.

The following corporate plan KPIs are relevant to this performance measure

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23
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# Financial **summary**



## Financial summary

In 2018–19, NOPSEMA's financial result was a deficit of \$1.4 million.

The forecast for the reporting period was for NOPSEMA to be in deficit by more than \$1 million. The actual result shows levies \$0.3M lower than was originally budgeted, impacted by lower levels of activity within the offshore oil and gas sector for 2018–19. Lower industry activity results in decreased levy revenue for NOPSEMA.

Expenditure, specifically employee expense, was also lower than budgeted.

In relation to expenditure, 76 per cent of NOPSEMA's total expenses relate to employees including the associated recruitment and training of those employees. NOPSEMA is carefully managing staffing levels to ensure it continued to effectively perform its regulatory functions. In addition, NOPSEMA increased activities related to stakeholder and community engagement.

NOPSEMA is forecasting a budget deficit for 2019–20 as a result of increased costs required to fulfil its regulatory functions. This strategy is in accordance with the Australian Government Cost Recovery Guidelines requiring entities to manage cumulative surplus.

NOPSEMA had a new CRIS approved, effective from 1 January 2019. The new fee structure contains a 10 per cent increase to all levies to assist in the adequate cost recovery. This was the first fee increase NOPSEMA had in five years.

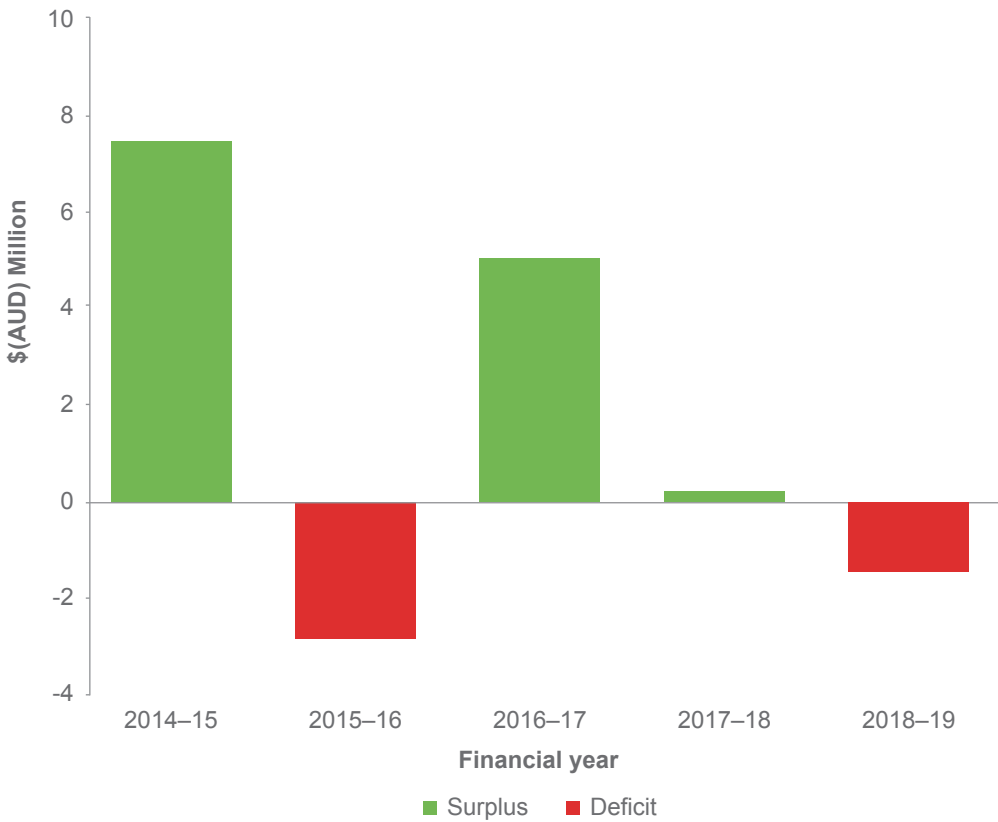
NOPSEMA remains financially viable with sufficient cash balances to meet future commitments.

### Operating result

An operating deficit of \$1.4 million was recorded for 2018–19, compared to a \$0.2 million surplus recorded in 2017–18. This operating loss was expected due to the lower levels of activity within the offshore oil and gas sector and the increase in

NOPSEMA's regulatory activities along with increased stakeholder and community engagement.

**Figure 13: Operating result 2014–15 to 2018–19**



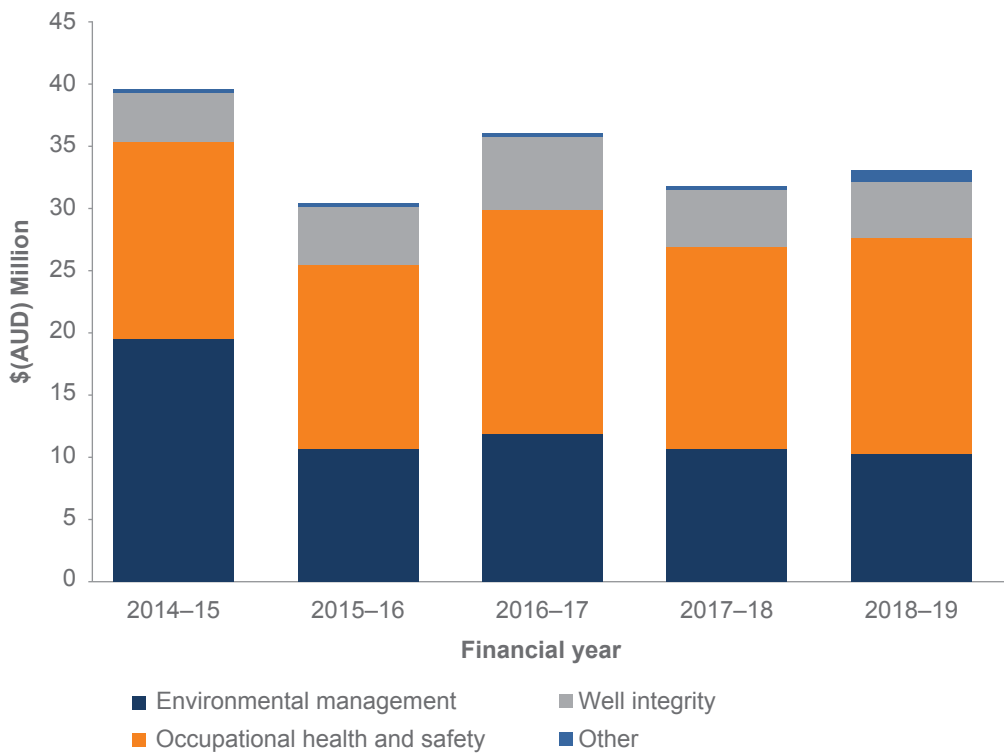
Revenue

A total revenue of \$33.1 million was recorded for 2018–19. Compared to a total revenue of \$32 million recorded in 2017–18, this reflects an increase of \$1.1 million.

This revenue increase was lower than budgeted for 2018–19 even with the 10 per cent increase to levies due to lower levels of activity.

As of 30 June 2019, NOPSEMA had \$0.4 million in deferred environmental management revenue, compared to \$0.6 million in 2017–18. The deferred revenue relates to levies for environment plans that were submitted during the reporting period but remained under assessment at the end of the financial year. That revenue will be recognised when the assessment is completed.

Figure 14: Revenue by type 2014–15 to 2018–19

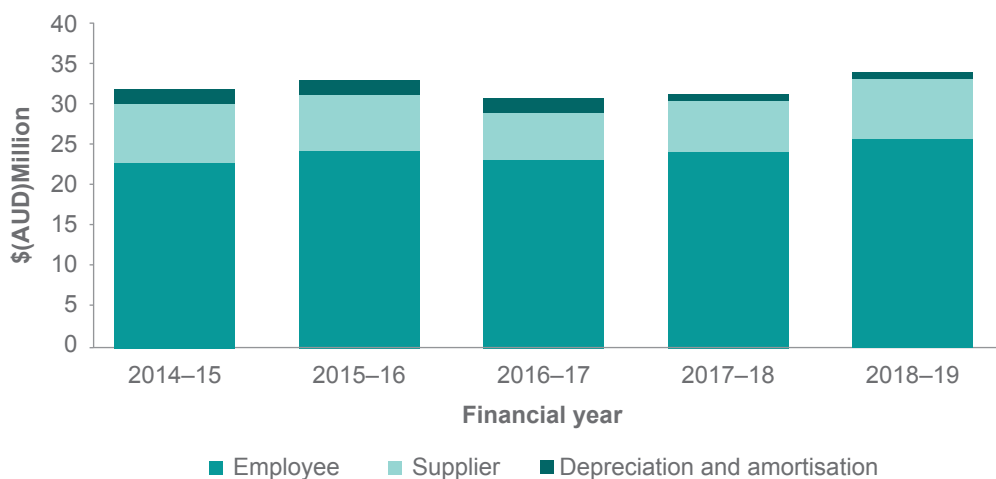


## Expenditure

Total expenditure for 2018–19 was \$34.5 million, compared to a total expenditure of \$31.7 million recorded in 2017–18, this reflects an increase of \$2.8 million. However, total expenditure was 5 per cent lower than the budgeted expenditure for 2018–19 due to reduced employee expenses and office expenditure.

Employee expenses made up 76 per cent of total expenditure, supplier costs made up 22 per cent and depreciation and amortisation made up 2 per cent. Compared to the expenditure breakdown of 77 per cent, 20 per cent and 3 per cent for 2017–18, this reflects a stable cost structure between financial years.

**Figure 15: Breakdown of expenditure 2014–15 to 2018–19**



## Assets

In 2018–19, NOPSEMA undertook asset management in accordance with the Commonwealth procedure guidelines and the requirements of the accountable authority instructions, authorisations and procedural rules. NOPSEMA assessed all assets for impairment, in accordance with the Australian Accounting Standard AASB 136 – Impairment of assets, to ensure appropriate book values. No indicators of impairment were found.

NOPSEMA's non-financial assets have a net value of \$2.9 million. This includes \$1.7 million for the organisations offices in Perth and Melbourne, \$0.3 million for property, plant and computer equipment. NOPSEMA's Regulatory Management System (RMS) software is an intangible asset valued at \$0.9 million. Development of the RMS software continued in 2018–19 which increased the value of NOPSEMA's intangible assets by \$0.24 million compared to the previous year. No other major projects were undertaken in 2018–19.

As of 30 June 2019, NOPSEMA's cash-on-hand was \$13.1 million. Compared to the \$11.9 million cash-on-hand recorded in 2017–18, this reflects an increase of \$1.2 million.

## Purchasing

In 2018–19, NOPSEMA continued its contract with the Australian Antarctic Division (AAD) with a total spend of \$23,800 against a contract value of \$45,000.

## Consulting

NOPSEMA engages consultants where it requires supplementary specialist expertise or where independent research, review or assessment may be required. Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, or provide independent advice, information or creative solutions to assist in the organisation's decision-making.

Prior to engaging consultants, NOPSEMA takes into account the skills and resources required for the task, the skills available internally, and the cost-effectiveness of engaging external expertise. The decision to engage a consultant is made in accordance with the PGPA Act and Rules, including the Commonwealth procurement rules and relevant internal policies.

In 2018–19 NOPSEMA spent \$511,972 on consultancy contracts. This consisted of engagements for regulatory activities (\$63,000), human resources (\$177,000), information technology (\$104,000) and corporate advice (\$168,000).

## Australian National Audit Office access clauses

NOPSEMA contracting templates include standard clauses providing for Auditor-General access to contractor and major subcontractor premises, records and accounts.

# Management and **accountability**



# Management and accountability

## Corporate governance

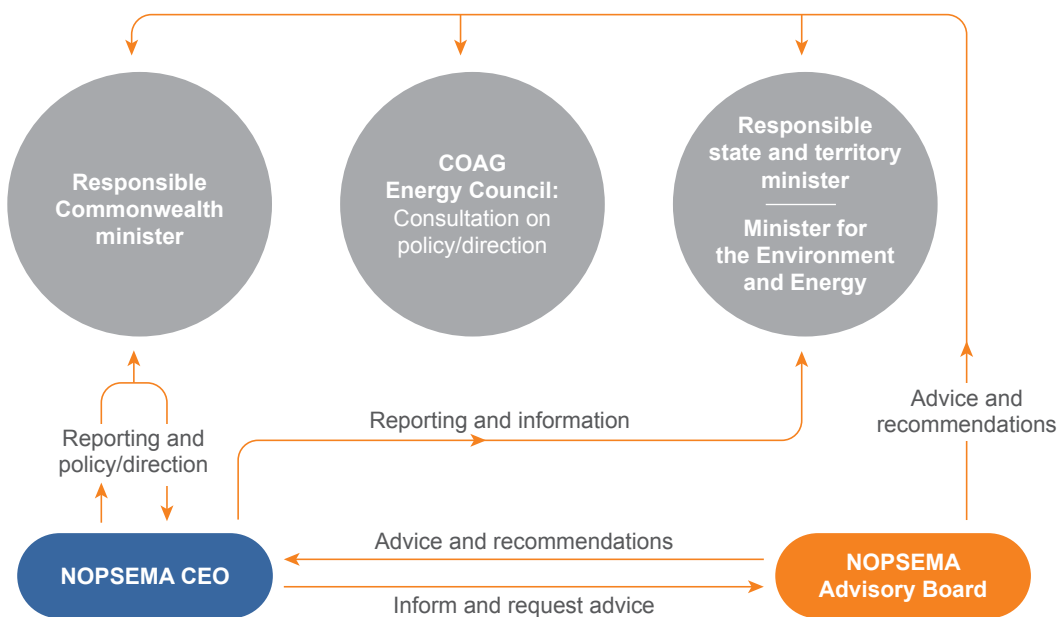
Overall responsibility for the management of NOPSEMA is vested in its CEO. The OPGGS Act provides the CEO with all the legal powers and functions that the law assigns to NOPSEMA. The CEO must have regard to the advice of the NOPSEMA Advisory Board and keep it informed. The CEO may delegate his/her authority for the day-to-day operations of NOPSEMA to the Head of Division for Safety and Integrity, Environment, Regulatory Support or General Counsel.

The OPGGS Act requires NOPSEMA to report on its investigations, as appropriate, to the responsible Commonwealth, state and Northern Territory ministers. Under streamlined environmental authorisation arrangements, endorsed under the EPBC Act, NOPSEMA is also required to report to the Minister for the Environment and Energy on its compliance with streamlining commitments (See Appendix 2: EPBC Act streamlining performance report 2017–18).

The responsible Commonwealth minister, after consulting with the relevant state or Northern Territory minister, may issue policy principles to NOPSEMA to direct the manner in which it fulfils its responsibilities. These policy principles do not extend to NOPSEMA's regulatory decision-making.

As a Commonwealth statutory authority and corporate entity, NOPSEMA has statutory obligations under the *Public Service Act 1999* and the PGPA Act. NOPSEMA ensures compliance with these obligations through its performance management framework and corporate governance structure.

Figure 16: Corporate governance structure



## Business risk and fraud control

NOPSEMA is strongly committed to an environment of corporate governance involving effective and robust internal controls and a highly ethical culture. It is the responsibility of all NOPSEMA staff to safeguard the organisation's property against loss through fraud, corruption or negligence and to support fraud and corruption control efforts.

In 2018–19, NOPSEMA maintained a risk management framework that conforms to AS/NZS ISO 31 000:200 Risk management - Principles and guidelines and aligns with the Commonwealth Risk Management Policy. The framework facilitates the management of all reasonably foreseeable organisational risks (so far as reasonably practicable) so that NOPSEMA can continue to carry out its statutory functions and meet the expectations of the responsible Commonwealth minister and stakeholders.

NOPSEMA's results in the 2019 Comcover risk management benchmarking survey were very positive and NOPSEMA achieved an overall advanced rating on its risk maturity model. The survey aligns with the nine elements of the Commonwealth risk management policy and all general government sector entities take part.

NOPSEMA's fraud and corruption control plan reflects the organisation's commitment to promoting ethical and honest behaviour in the workplace. The implementation of the plan seeks to reduce the overall risk of fraud and corruption and support the investigation of all suspected instances of fraud and corruption by NOPSEMA staff.

NOPSEMA's risk committee has four members including the Risk, Planning and Improvement Manager; Chief Financial Officer (CFO); General Counsel, and the Technical Lead – Systems and Audit. The committee assists NOPSEMA in carrying out its duties and meeting its statutory obligations in relation to risk management and control systems as outlined under the PGPA Act.

NOPSEMA's audit committee has three members including the Head of Division for Safety and Integrity and two independent committee members from an unrelated chartered accountancy practice and a company secretary. These independent members are appointed to act as Chair and Alternate Chair respectively. Advisers to the committee include NOPSEMA's internal auditor, PricewaterhouseCoopers, and the external auditor, Ernst and Young (on behalf of the Australian National Audit Office).

NOPSEMA's General Counsel; CFO and Risk, Planning and Improvement Manager also act as advisers to the committee. The committee provides independent assurance and advice to the NOPSEMA CEO about NOPSEMA's internal control mechanisms, financial and business risks, and compliance with its statutory obligations under the PGPA Act, and rules and orders of the Minister for Finance. The committee provides an avenue for communication between NOPSEMA management and the organisation's internal and external auditors.

Internal and external audits of NOPSEMA's financial controls reported no significant weaknesses. No indemnity was applied during the reporting period.

**Performance management framework**

NOPSEMA's performance management framework provides it with a structure for planning, budgeting, service delivery, performance monitoring, reporting and accountability. The framework assists NOPSEMA to focus on its objectives and ensures the continuous and rigorous assessment and provision of information on NOPSEMA's performance. The framework is supported by an integrated planning and performance management model (see Table 6) that incorporates NOPSEMA's corporate plan and is supported by team-based annual operating plans.

**Figure 17: Performance management framework**



**Table 5: Planning and performance management model**

Strategic management	Resource management	Regulatory operations management	Information management	Compliance management
Stakeholder input	Human resources	Operator registration	Document and data control	Internal audit and review
Commitment and responsibilities	Financial resources	Assessment Inspection	Records management	Management system and external audit
Strategic planning and objective setting	Physical resources	Investigation	Information, communications and technology systems	Measurement, monitoring, improvement and consultation
Executive management leadership and involvement	Procurement and contract management	Enforcement Advice and promotion		
Risk management	Work health and safety	Project management		
Business continuity		Interagency activities		
Process improvement		Consultation and communication		
Data management				

People management

In 2018-2019, NOPSEMA continued to build a high performing and values-based culture; attract, recruit and retain a highly skilled workforce; proactively plan for future workforce needs and provide high quality and timely learning and development opportunities to staff.

Staffing

As at 30 June 2019, NOPSEMA had a headcount of 133 staff, and a full-time equivalent of 129.2 comprising ongoing, non-ongoing, seconded and temporary staff.

Workplace diversity

NOPSEMA is committed to a fair, flexible, safe and rewarding workplace which allows for diversity among its employees. Our people management policies and practices seek to ensure a workplace free from discrimination and harassment. NOPSEMA actively promotes a work environment that recognises and values individual differences of staff and fosters the contributions of people from different backgrounds, experience and perspectives.

Employee benefits

NOPSEMA offers its staff highly competitive remuneration packages and exceptional working conditions. These include:

- competitive employer superannuation contributions at 15.4%;
- 25 days of annual leave and 15 days of personal leave per annum;
- ability to purchase additional leave subject to operation requirements;
- learning and development opportunities;
- flexible working arrangements;
- employee assistance programme available to staff and immediate family members;
- annual flu vaccinations;
- \$300 subsidy for employees requiring prescription glasses to perform their duties;
- \$500 per calendar year for appropriate professional memberships / subscriptions.

Figure 18: NOPSEMA headcount by role 2018–19



## **NOPSEMA's Human Resources Strategy**

The Human Resources Strategy 2018 to 2022 was developed to support, engage and develop NOPSEMA's workforce, recognising that NOPSEMA is built on the knowledge, skills, experience and values of our workforce.

Throughout the reporting period, work was undertaken to reinforce workforce planning principles and practices into broader strategic resource planning undertaken by the NOPSEMA leadership team. On a more operational level, position descriptions were reviewed and updated to ensure currency and relevance.

Workforce capacity was built through the review and implementation of a Learning and Development policy that aligns outlines NOPSEMA's approach to learning and development (including the 70:20:10 model) and provides linkages to the employee performance management system. Through the period, a series of online learning courses were launched, including one on the APS Code of Conduct. All staff participated in appropriate workplace behaviour promotion, education and awareness training that was developed in conjunction with and delivered by an external provider.

Through the reporting period, senior NOPSEMA managers participated in a number of facilitated training sessions to strengthen management and leadership capability. These training sessions focussed on "difficult conversations" and included the delivery of the Australian Public Service Commission (APSC) developed "Management in Action".

Ongoing contributions to the preferred organisational culture were made through supporting NOPSEMA's Organisational Culture Group which continued to work on building a collegiate and transparent culture.

Activities to improve HR service delivery included the update of the employee self-service module of the human resource management information system. The review of the suite of human resource policies and procedures continued to ensure people management practices remain aligned to relevant legislation and practices while maintaining relevance to business operations.

## Work health and safety

NOPSEMA recognises that good work health and safety (WHS) performance contributes to the overall success of an organisation and is committed to providing a safe workplace for all staff, contractors and visitors.

In 2018–19, NOPSEMA continued to implement its work health and safety management system, managed and reviewed hazards and risks on an annual basis, and monitored and reported on the organisations work health and safety performance.

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NOPSEMA is committed to being recognised as a leader in workplace health and safety performance. We strive to achieve a culture which empowers our people to be accountable for their WHS. Our objective is to achieve or exceed the standard of work health and safety performance we expect from the industry we regulate.

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All new staff undergo a WHS induction and this includes permanent, ongoing, non-ongoing, secondment and temporary staff. NOPSEMA has the required resources in place to comply with the *Work Health and Safety Act 2011* (WHS Act). This includes a strong commitment to an organisation wide consultative process on WHS matters, the ongoing development and implementation of relevant policies and procedures; and the management of hazards and incident reports. In 2018, NOPSEMA responded to published information by the WHS regulator Comcare and Safework Australia on the hazards of 'Occupational Sitting' and implemented controls to assist in mitigating this risk.

### Health and safety committee

The NOPSEMA Health and Safety Committee provides an avenue for effective communication between senior management and staff on workplace health and safety

matters. The committee has 10 members comprising at least one staff representative from each division. The committee met four times in 2018–19, and published its meeting minutes on NOPSEMA's internal website. A representative of NOPSEMA's safety officer function attends each meeting as an observer and to provide information if required.

### Governance

Comcare is the national regulator of workplace health and safety. It conducts a program of management system audits (on all federal employers) to assess policies and practices to ensure employers are meeting and maintaining their responsibilities under the WHS Act. NOPSEMA was last audited in March 2017.

### Incidents

Under the WHS Act, NOPSEMA is required to notify Comcare of any notifiable incidents or dangerous incidents arising from the organisations conduct of business or undertakings.

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In 2018–19, there were no notifiable workplace accidents or dangerous incidents reported to NOPSEMA. NOPSEMA continues to meet all three targets of the Australian Work Health and Safety Strategy 2012–22. See Table 7 WHS national target results for 2018–19.

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### Investigations and other matters

Under the WHS Act, NOPSEMA is required to report any WHS investigations conducted during the year relating to businesses or undertakings conducted. This includes details of all notices given to the entity during the year under Part 10 of the WHS Act. In 2018–19, no investigations were conducted and no notices were issued to NOPSEMA.

**Table 6: WHS national target results for 2018–19**

National target	NOPSEMA result
A reduction of at least 20% in the number of worker fatalities due to injury.	Nil fatalities
A reduction of at least 30% in the incidence of claims resulting in one or more weeks off work.	Nil claims
A reduction of at least 30% in the incidence of claims for musculoskeletal disorders resulting in one or more weeks off work.	Nil claims

**Table 7: NOPSEMA workplace OHS programs and initiatives**

	All staff and their immediate family members are provided counselling services through an employee assistance program.
	Regular workplace hazard inspections are undertaken.
	Ergonomic assessments are provided for: <ul style="list-style-type: none"> <li>• all new staff (includes permanent and temporary staff)</li> <li>• any staff suffering injuries or discomfort</li> <li>• any staff returning from extended absences or leave</li> <li>• as requested by any staff member.</li> </ul>
	A mental health initiative is in place. Regular information sessions and seminars are provided.
	Regular medical assessments are undertaken for all inspectorate staff. All employees undergo a pre-employment medical assessment.
	A free vaccination program against influenza is offered to staff at the beginning of each winter.
	NOPSEMA encourages staff participation in seminars, information sessions and workshops on various health-related matters.

## External scrutiny

NOPSEMA is subject to external scrutiny through parliamentary committees, the Australian National Audit Office, the courts, administrative tribunals, the Commonwealth Ombudsmen, the Freedom of Information Commissioner and Privacy Commissioner.

### **NOPSEMA Operational review**

NOPSEMA has a statutory requirement to conduct independent operational reviews. The last independent operational review was conducted in 2015 and the next review is scheduled for 2020.

### **Inquiry into the work, health and safety of workers in the offshore petroleum industry**

On 8 February 2018 the Senate Education and Employment Legislation Committee commenced an inquiry into the work health and safety of workers in the offshore petroleum industry. NOPSEMA provided a submission to the inquiry on 16 March 2018 and it is published online at [www.aph.gov.au](http://www.aph.gov.au). NOPSEMA appeared at the inquiry public hearing in Melbourne on 11 July 2018.

### **Inquiry into the prevention, investigation and prosecution of industrial deaths in Australia**

On 26 March 2018 the Senate Education and Employment Legislation Committee commenced an inquiry into the prevention, investigation and prosecution of industrial deaths in Australia. NOPSEMA provided a submission on 1 June 2018 and it is published online at [www.aph.gov.au](http://www.aph.gov.au). NOPSEMA was not scheduled to appear at the inquiry public hearing.

### **Inquiry into impediments to business investment in Australia**

On 27 March 2018 the Senate Standing Committee on Economics commenced an inquiry into impediments to business investments to business investment in Australia. NOPSEMA provided a submission on 10 May 2018 and it is published online at [www.aph.gov.au](http://www.aph.gov.au). NOPSEMA also appeared at the inquiry public hearing in Melbourne on 1 August 2018.

### **Senate estimates**

NOPSEMA appeared before the Economics Legislation Committee for Senate Estimates in October 2018 and February 2019. The transcript of this appearance is published online at [www.aph.gov.au](http://www.aph.gov.au)

### **Freedom of information**

NOPSEMA continued to be subject to the Freedom of Information Act 1982. As required, NOPSEMA considered its objectives in performing functions and exercising powers under the act to encourage proactive disclosure and transparency of its decisions and contribute to promoting public participation and scrutiny of its operations. NOPSEMA continued to publish information, as required under the act, on its corporate website.

# Financial statements





## INDEPENDENT AUDITOR'S REPORT

To the Minister for Resources and Northern Australia

### Opinion

In my opinion, the financial statements of the National Offshore Petroleum Safety and Environmental Management Authority ('the Entity') for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

The Accountable Authority is responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2019 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chief Executive Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chief Executive Officer is also responsible for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Executive Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chief Executive Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

### Auditor's responsibilities for the audit of the financial statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Jodi George

Executive Director

Delegate of the Auditor-General

Canberra

2 October 2019

## Statement by Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the *PGPA Act*.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the corporate Commonwealth entity will be able to pay its debts as and when they fall due.



**Stuart Smith**  
Chief Executive Officer

2 October 2019



**Julie Kordic**  
Chief Financial Officer

2 October 2019

# Statement of Comprehensive Income

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	3A	26,165	24,500	27,291
Suppliers	3B	7,465	6,489	6,532
Depreciation and amortisation	3C	911	749	1,020
<b>Total expenses</b>		<b>34,541</b>	<b>31,738</b>	<b>34,843</b>
<b>Own-source revenue</b>				
Levies	4A	32,267	31,576	34,693
Interest		285	247	150
Other revenue	4B	557	137	–
<b>Total own-source revenue</b>		<b>33,109</b>	<b>31,960</b>	<b>34,843</b>
<b>Net cost of services</b>		<b>(1,432)</b>	<b>222</b>	<b>–</b>
Revenue from Government		–	–	–
<b>Surplus (Deficit) on continuing operations</b>		<b>(1,432)</b>	<b>222</b>	<b>–</b>
<b>Total Comprehensive income / (loss)</b>		<b>(1,432)</b>	<b>222</b>	<b>–</b>

The above statement should be read in conjunction with the accompanying notes.

# Statement of Financial Position

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	5A	13,119	11,864	11,768
Trade and other receivables	5B	6,685	9,780	8,758
<b>Total financial assets</b>		<b>19,804</b>	<b>21,644</b>	<b>20,526</b>
<b>Non-Financial Assets</b>				
Land and buildings	6A	1,732	1,670	2,253
Infrastructure, plant and equipment	6A	336	327	–
Intangibles	6B	857	622	188
Other non-financial assets		714	411	385
<b>Total non-financial assets</b>		<b>3,639</b>	<b>3,030</b>	<b>2,826</b>
<b>Total assets</b>		<b>23,443</b>	<b>24,674</b>	<b>23,352</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	7A	453	578	176
Other payables	7B	608	793	676
<b>Total payables</b>		<b>1,061</b>	<b>1,371</b>	<b>852</b>
<b>Provisions</b>				
Employee provisions	8A	5,551	5,099	4,893
Other provisions	8B	2,367	2,308	2,541
<b>Total provisions</b>		<b>7,918</b>	<b>7,407</b>	<b>7,434</b>
<b>Total liabilities</b>		<b>8,979</b>	<b>8,778</b>	<b>8,286</b>
<b>Net assets</b>		<b>14,464</b>	<b>15,896</b>	<b>15,066</b>
<b>EQUITY</b>				
Contributed equity		896	896	896
Retained surplus		13,568	15,000	14,170
<b>Total equity</b>		<b>14,464</b>	<b>15,896</b>	<b>15,066</b>

The above statement should be read in conjunction with the accompanying notes.

# Statement of Changes in Equity

for the period ended 30 June 2019

Notes	2019 \$'000	2018 \$'000	Original budget \$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	896	896	896
<b>Adjusted opening balance</b>	<b>896</b>	<b>896</b>	<b>896</b>
<b>Closing balance as at 30 June</b>	<b>896</b>	<b>896</b>	<b>896</b>
<b>RETAINED SURPLUS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	15,000	14,778	14,170
<b>Adjusted opening balance</b>	<b>15,000</b>	<b>14,778</b>	<b>14,170</b>
<b>Comprehensive income</b>			
Surplus / (Deficit) for the period	(1,432)	222	–
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>(1,432)</b>	<b>222</b>	<b>–</b>
of which:			
Attributable to the Australian Government	(1,432)	222	–
<b>Transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing balance as at 30 June</b>	<b>13,568</b>	<b>15,000</b>	<b>14,170</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	15,896	15,674	15,066
<b>Adjusted opening balance</b>	<b>15,896</b>	<b>15,674</b>	<b>15,066</b>
<b>Comprehensive income</b>			
Surplus / (Deficit) for the period	(1,432)	222	–
Other comprehensive income	–	–	–
<b>Total comprehensive income</b>	<b>(1,432)</b>	<b>222</b>	<b>–</b>
of which:			
Attributable to the Australian Government	(1,432)	222	–
<b>Transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total transactions with owners</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Closing balance as at 30 June</b>	<b>14,464</b>	<b>15,896</b>	<b>15,066</b>

The above statement should be read in conjunction with the accompanying notes.

# Cash flow statement

for the period ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000	Original budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from levies		35,811	31,165	34,693
Less refund of levies through Department of Industry, Innovation and Science		(68)	(1,461)	–
Interest		285	247	150
GST received		818	673	–
Other		547	137	–
<b>Total cash received</b>		<b>37,393</b>	<b>30,761</b>	<b>34,843</b>
<b>Cash used</b>				
Employees		(25,713)	(24,294)	(27,292)
Suppliers		(6,068)	(2,802)	(6,532)
GST paid		(857)	(674)	–
Accommodation		(2,293)	(2,579)	–
<b>Total cash used</b>		<b>(34,931)</b>	<b>(30,349)</b>	<b>(33,824)</b>
<b>Net cash from / (used by) operating activities</b>		<b>2,462</b>	<b>412</b>	<b>1,019</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		10	–	–
<b>Total cash received</b>		<b>10</b>	<b>–</b>	<b>–</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		(1,217)	(886)	(1,000)
<b>Total cash used</b>		<b>(1,217)</b>	<b>(886)</b>	<b>(1,000)</b>
<b>Net cash from / (used by) investing activities</b>		<b>(1,207)</b>	<b>(886)</b>	<b>(1,000)</b>
<b>Net increase (decrease) in cash held</b>		<b>1,255</b>	<b>(474)</b>	<b>19</b>
Cash and cash equivalents at the beginning of the reporting period		11,864	12,338	11,749
<b>Cash and cash equivalents at the end of the reporting period</b>	5A	<b>13,119</b>	<b>11,864</b>	<b>11,768</b>

The above statement should be read in conjunction with the accompanying notes.

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# Note 1. Summary of Significant Accounting Policies

## 1.1 Objectives of National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA)

NOPSEMA's primary role is promoting and securing compliance and improvement by duty holders through monitoring, enforcement and proactive engagement with stakeholders to reduce risks to the workforce, the environment and the structural integrity of facilities, wells and well-related equipment of the Australian offshore petroleum and greenhouse gas storage industries through the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

## 1.2 Basis of Preparation of the Financial Report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR); and
- b. Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Assets and liabilities are recognised in the Statement of Financial Position when and only when it is probable that future economic benefits will flow to the entity or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments and the schedule of contingencies.

Revenues and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow consumption or loss of economic benefits has occurred and can be reliably measured.

## 1.3 Significant Accounting Judgements and Estimates

No accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

## 1.4 New Accounting Standards

### Adoption of New Accounting Standard Requirements

All new standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on NOPSEMA's financial statements.

NOPSEMA has adopted AASB 9 Financial Instruments from 1 July 2018. The new impairment model for financial assets requires the consideration of an allowance for expected future credit losses. Trade receivables that do not contain a significant financing component under AASB 15 must apply the simplified approach which allows entities to recognise lifetime expected credit losses without the need to identify significant increases in credit risk. NOPSEMA has determined the impact for the current period as nil, and will continue to revisit the assessment in future periods.

NOPSEMA has adopted AASB 15 Revenue from Contracts with Customers. The standard requires revenue to be recognised upon the transfer of control rather than the transfer of risks and rewards. In applying the cumulative effect method on transition to AASB 15, no adjustment was required to the opening retained earnings as the new standard did not have an impact on NOPSEMA's revenue recognition.

### Future Accounting Standard requirements

The AASB has introduced AASB 16 Leases, removing the distinction between operating and finance leases for lessees. AASB 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under AASB 117. The standard includes two recognition exemptions for lessees:

- a. short-term leases; and
- b. leases for which the underlying asset is of low value

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g. change in lease term or change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting requirements in AASB 16 are substantially unchanged from those in AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

NOPSEMA will apply the modified model approach from 1 July 2019 by recognising the cumulative effect of initial application as an adjustment to the opening balance of retained earnings. The value at date of initial application is calculated as Right-of-Use Asset \$7,754,148 and Lease Liability \$11,398,592. The difference of \$3,644,444 will be recognised as a 'Net investment in Sublease', which represents the portion of office space occupied by NOPTA (National Offshore Petroleum Titles Administrator).

## 1.5 Own-Source Revenue

NOPSEMA operates on a full cost recovery basis by means of collecting levies from the industry it regulates. These levies have been set in the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004*. Revenue from levies is recognised in accordance with AASB15 *Revenue from Contracts with Customers*. In addition NOPSEMA receives interest on cash balances held in operation and deposit bank accounts.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance. Allowances are made in accordance with AASB 9 Financial Instruments.

## 1.6 Gains

### Resources Received Free of Charge

Resources received free of charge are recognised as revenue when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government entity as a consequence of a restructuring of administrative arrangements.

### Sale of assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

## 1.7 Revenue from Government

### Contributed Equity

Funding received or receivable from non-corporate Commonwealth entities (appropriated to the non-corporate Commonwealth entity as a corporate Commonwealth entity payment item for payment to this entity) is recognised as Revenue from Government by the corporate Commonwealth entity unless the funding is in the nature of an equity injection or a loan.

NOPSA (National Offshore Petroleum Safety Authority) commenced operations on 1 January 2005. In 2012, Environment and Well Integrity divisions were added to NOPSA operations and the entity was renamed NOPSEMA (National Offshore Petroleum Safety and Environmental Management Authority).

NOPSEMA does not receive any capital appropriations from the Government. However, upon its establishment, NOPSA received assets with a net book value of \$895,598 for no consideration from the Government, via the Department of Industry, Tourism and Resources, through an agreement under section 32 of the *Financial Management and Accountability Act*. This is shown as a contribution of equity in NOPSEMA's financial statements.

It has been determined that a repayment of this contribution was never intended and the equity will remain classified as 'contributed equity' in the financial statements.

## Distributions to duty holders

On 21 December 2018, an amendment to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* was passed under Section 59E - Remittal or refund of compliance amount. This gave NOPSEMA the ability to issue refunds and credit notes for environmental levies. During this year NOPSEMA paid \$68,400 to Department of Industry, Innovation and Science in order to refund customers.

## 1.8 Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) and termination benefits within twelve months of the end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

### Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by NOPSEMA employees is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the entity's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been calculated in accordance with the Australian Government shorthand method. The estimate of the present value takes into account attrition rates and pay increases through promotion and inflation.

## **Superannuation**

The entity's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), or the PSS accumulation plan (PSSap), or other superannuation funds held outside the Australian Government.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefit is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

The entity makes employer contributions to the employee superannuation schemes at rates determined by an actuary to be sufficient to meet the current cost to the Government. The entity accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions.

### **1.9 Leases**

Leases are currently recognised in accordance with AASB 117 whereby, a distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits derived from the leased assets.

### **1.10 Cash**

Cash is recognised at its nominal value. Cash and cash equivalents include:

- a. cash on hand or on deposit;
- b. cash in special accounts

### 1.11 Financial assets

The entity recognises its financial assets at their nominal values in the following categories:

- a. cash and cash equivalents; and
- b. trade and other receivables

#### Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original statutory amounts as notified to facility operators, less any allowance for expected credit losses.

All trade and other receivables are expected to be recovered in no more than 12 months.

#### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period in accordance with AASB 9.

### 1.12 Liabilities

#### Suppliers and Other Payables

Suppliers represent a liability for goods and services provided to the entity. The amounts are unsecured and settlement is usually made within 30 days.

#### Provisions

NOPSEMA has recognised a provision for restoration to 2 current office leasing agreements. The reporting disclosures required for this provision are included under note 8B.

### 1.13 Contingent Liabilities and Contingent Assets

Contingent liabilities and contingent assets are not recognised in the Statement of Financial Position. They may arise from uncertainty as to the existence of a liability or asset, or represent a liability or asset in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

### 1.14 Acquisition of Assets

Assets are recorded at cost of acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor's accounts immediately prior to the restructuring.

**1.15      Property, Plant and Equipment**

**Asset Recognition Threshold**

Purchases of property, plant and equipment are recognised initially at cost in the statement of financial position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to ‘make good’ provisions in property leases taken up by the entity where there exists an obligation to restore the property to its original condition. These costs are included in the value of the entity’s leasehold improvements with a corresponding provision for the ‘make good’ recognised.

**Revaluations**

Fair values for each class of asset are determined as shown below:

<b>Asset Class</b>	<b>Fair value measured at</b>
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property plant and equipment are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets’ fair values as at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

## Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the entity using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives), residual values and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2019	2018
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 5 years	3 to 5 years

## Impairment

All assets were assessed for impairment at 30 June 2019. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the entity were deprived of the asset, its value in use is taken to be its depreciated replacement cost.

## Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

### 1.16 Intangibles

The entity's intangibles comprise internally developed software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Regulatory Management System (RMS) Software is amortised on a straight-line basis over its anticipated useful life. The useful life of the entity's RMS software is 5 years.

All software assets were assessed for indications of impairment as at 30 June 2019.

### 1.17 Taxation

NOPSEMA is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables

## Note 2. Events after the Reporting Period

At the time of completion of these financial statements, the entity was not aware of any significant events occurring after the reporting date.

## Note 3. Expenses

	2019 \$'000	2018 \$'000
<b>Note 3A: Employee benefits</b>		
Wages and salaries	19,140	17,409
Superannuation:		
Defined benefit plans	596	645
Defined contribution plans	2,961	2,744
Leave and other entitlements	3,336	3,623
Other employee benefits	132	79
<b>Total employee benefits</b>	<b>26,165</b>	<b>24,500</b>
<b>Note 3B: Suppliers</b>		
Consultants	699	351
Contractors	82	106
Communication	125	183
Consumables	272	165
Travel and accommodation	726	681
IT services	1,328	1,027
Insurance	53	59
Utility	107	111
Temporary staff	639	729
Training and conferences	400	221
Registration and licenses	422	345
Others	199	109
<b>Total goods and services</b>	<b>5,052</b>	<b>4,087</b>
Provision of goods – external parties	272	165
Rendering of services – external parties	4,780	3,922
<b>Total goods and services</b>	<b>5,052</b>	<b>4,087</b>
<b>Other supplier expenses</b>		
Operating lease rentals	2,352	2,346
Workers compensation premiums	61	56
<b>Total other supplier expenses</b>	<b>2,413</b>	<b>2,402</b>
<b>Total supplier expenses</b>	<b>7,465</b>	<b>6,489</b>

## Leasing commitments

NOPSEMA in its capacity as lessee to the following lease arrangements at 30 June 2019:

- 1. Perth office**      Level 8 Alluvion Building 58 Mounts Bay Road Perth  
                                  Level 11 Alluvion Building 58 Mounts Bay Road Perth

Lease commenced 1 June 2012 for a period of 10 years. Lease payments are subject to annual increases of 4.5% plus market reviews.

- 2. Melbourne office**      Level 25 140 William Street Melbourne

Lease commenced 1 June 2018 for a period of 6 years. Lease payments are subject to annual increases of 3.75%. NOPSEMA relocated to this office in September 2018.

- 3. Melbourne office**      Ground Floor 493 St Kilda Road Melbourne

Lease surrendered on 31 August 2018.

### Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Commitments are reported inclusive of GST.

	2019 \$'000	2018 \$'000
Within 1 year	2,875	4,046
Between 1 to 5 years	6,227	13,896
<b>Total operating lease commitments</b>	<b>9,102</b>	<b>17,942</b>

Operating lease payments are expensed on a straight-line basis which is representative of the pattern of benefits.

<b>Note 3C: Depreciation and amortisation</b>		
Depreciation:		
Infrastructure, plant and equipment	272	218
Buildings	455	417
<b>Total depreciation</b>	<b>727</b>	<b>635</b>
Amortisation:		
Intangibles:		
Computer Software	184	114
<b>Total amortisation</b>	<b>184</b>	<b>114</b>
<b>Total depreciation and amortisation</b>	<b>911</b>	<b>749</b>

## Note 4. Income

	2019 \$'000	2018 \$'000
<b>Own Source Revenue</b>		
<b>Note 4A: Levies</b>		
Well Levy	4,131	3,820
Safety Levy	17,439	16,260
Environmental Levy	10,696	11,496
<b>Total revenue from Levies</b>	<b>32,267</b>	<b>31,576</b>
<b>Note 4B: Other revenue</b>		
Resources received free of charge	474	88
Gain/(Loss) on disposal of assets	10	–
Other revenue	73	49
<b>Total other revenue</b>	<b>557</b>	<b>137</b>

## Note 5. Financial Assets

	2019 \$'000	2018 \$'000
<b>Note 5A: Cash and Cash Equivalents</b>		
Cash at Bank	4,119	2,864
Cash on Deposit	9,000	9,000
<b>Total cash and cash equivalents</b>	<b>13,119</b>	<b>11,864</b>
<b>Note 5B: Trade and Other Receivables</b>		
<b>Goods and Services:</b>		
Goods and services – external parties	4,207	3,874
Allowance for expected credit loss	–	(43)
<b>Total receivables for goods and services</b>	<b>4,207</b>	<b>3,831</b>
<b>Other receivables:</b>		
Levy receipts to be appropriated by the Department of Industry, Innovation & Science	561	4,370
Accrued interest receivable	26	53
Safety case levy / accrued revenue	1,692	1,444
Travel advances	3	4
GST receivable from the Australian Taxation Office	117	78
Other	79	–
<b>Total other receivables</b>	<b>2,478</b>	<b>5,949</b>
Less impairment allowance	–	–
<b>Total trade and other receivables (net)</b>	<b>6,685</b>	<b>9,780</b>

	2019 \$'000	2018 \$'000
Receivables are expected to be recovered in:		
No more than 12 months	6,685	9,780
More than 12 months	—	—
<b>Total trade and other receivables (net)</b>	<b>6,685</b>	<b>9,780</b>
Receivables are aged as follows:		
Not overdue	2,478	5,969
Overdue by:		
0 to 30 days	3,588	3,654
31 to 60 days	557	—
61 to 90 days	62	81
More than 90 days *	—	76
<b>Total receivables (gross)</b>	<b>6,685</b>	<b>9,780</b>

\* Receivables overdue by more than 90 days are in the allowance for expected credit loss balance.

## Note 6. Non-Financial Assets

### Note 6A: Reconciliation of the Opening and Closing Balances of Buildings and Infrastructure, Plant and Equipment (2018–19)

	Buildings \$'000	Infrastructure plant & equipment \$'000	Total \$'000
<b>As at 1 July 2018</b>			
Gross book value	4,694	1,907	6,601
Accumulated depreciation and impairment	(3,024)	(1,580)	(4,604)
<b>Net book value 1 July 2018</b>	<b>1,670</b>	<b>327</b>	<b>1,997</b>
Additions:			
By purchase	517	281	798
Revaluations and impairments recognised in other comprehensive income	-	-	-
Impairments recognised in the operating result	-	-	-
Reversal of impairments recognised in the operating result	-	-	-
Depreciation expense	(455)	(272)	(727)
Disposals: Cost	-	-	-
Disposals: Accumulated Depreciation	-	-	-
<b>Net book value 30 June 2019</b>	<b>1,732</b>	<b>336</b>	<b>2,068</b>
<b>Net book value as of 30 June 2019 represented by:</b>			
Gross book value	4,940	2,049	6,989
Accumulated depreciation	(3,208)	(1,713)	(4,921)
	<b>1,732</b>	<b>336</b>	<b>2,068</b>

No indicators of impairment were found for buildings or infrastructure, plant and equipment.

No buildings or infrastructure, plant and equipment are expected to be sold or disposed of within the next 12 months.

**Note 6B: Reconciliation of the Opening and Closing Balances of Intangibles (2018–19)****Computer software  
internally developed  
\$'000**

<b>As at 1 July 2018</b>	
Gross book value	7,112
Accumulated amortisation	(6,490)
<b>Net book value 1 July 2018</b>	<b>622</b>
Additions:	
By purchase	419
Revaluations and impairments recognised in other comprehensive income	–
Impairments recognised in the operating result	–
Reversal of impairments recognised in the operating result	–
Amortisation expense	(184)
<b>Net book value 30 June 2019</b>	<b>857</b>
<b>Net book value as of 30 June 2019 represented by:</b>	
Gross book value	7,531
Accumulated amortisation	(6,674)
	<b>857</b>

No indicators of impairment were found for intangible assets.

No intangible asset is expected to be sold or disposed of within the next 12 months.

## Note 7. Payables

	2019 \$'000	2018 \$'000
<b>Note 7A: Suppliers</b>		
Trade creditors and accruals	453	578
<b>Total supplier payables</b>	<b>453</b>	<b>578</b>
Settlement is usually made within 30 days.		
<b>Note 7B: Other Payables</b>		
Wages and salaries	199	192
Deposits held	409	601
<b>Total other payables</b>	<b>608</b>	<b>793</b>

## Note 8. Provisions

	2019 \$'000	2018 \$'000
<b>Note 8A: Employee Provisions</b>		
Leave	4,805	4,414
Other	746	685
<b>Total employee provisions</b>	<b>5,551</b>	<b>5,099</b>
Employee provisions are expected to be settled in:		
No more than 12 months	3,574	3,261
More than 12 months	1,977	1,838
<b>Total employee provisions</b>	<b>5,551</b>	<b>5,099</b>
<b>Note 8B: Other Provisions</b>		
Provision for restoration obligations	549	487
Lease incentive	1,818	1,821
<b>Total other provisions</b>	<b>2,367</b>	<b>2,308</b>
Other provisions are expected to be settled in:		
More than 12 months	2,367	2,308
<b>Total other provisions</b>	<b>2,367</b>	<b>2,308</b>

### Provision for Restoration

NOPSEMA has two agreements for the leasing of premises in Perth and Melbourne with a provision in place to restore the premises to its original condition at the conclusion of the lease. NOPSEMA has made a provision to reflect the present value of this obligation.

	2019 \$'000
<b>As at 1 July 2018</b>	487
Additional provisions made	98
Amounts used	(36)
Unwinding of discount or change in discount rate	—
<b>Total as at 30 June 2019</b>	<b>549</b>

## Note 9. Aggregate Assets and Liabilities

	2019 \$'000	2018 \$'000
<b>Note 9A: Assets expected to be recovered in:</b>		
No more than 12 months	19,804	21,644
More than 12 months	3,639	3,030
<b>Total assets</b>	<b>23,443</b>	<b>24,674</b>
<b>Note 9B: Liabilities expected to be settled in:</b>		
No more than 12 months	1,061	1,371
More than 12 months	7,918	7,407
<b>Total liabilities</b>	<b>8,979</b>	<b>8,778</b>

# Note 10. Key Management Personnel Remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The entity has determined the key management personnel to be the Chief Executive Officer, 3 Divisional Heads and the General Counsel. Key management personnel remuneration is reported in the table below:

	2019 \$'000	2018 \$'000
<b>Key Management Personnel Remuneration for the Reporting Period</b>		
Short-term employee benefits	1,597	1,507
Post-employment benefits	247	238
Other long-term benefits	29	28
Termination benefits	—	—
<b>Total key management personnel remuneration</b>	<b>1,873</b>	<b>1,773</b>

This note has been prepared on an accruals basis.

In 2018-19 financial year, the remuneration of the key management personnel includes the Chief Executive Officer, 3 Divisional Heads and General Counsel (total 5). In the previous financial year, the remuneration disclosed only the Chief Executive Officer and 3 Divisional Heads (total 4). This prior year comparison has been amended to be consistent year on year.

## Note 11. Related Party Disclosures

### Related party relationships:

NOPSEMA is an independent statutory authority established under the *Offshore Petroleum Greenhouse Gas Storage Act 2006*. Related parties to NOPSEMA are Key Management Personnel, the Portfolio Minister, and other Australian Government entities.

### Transactions with related parties:

Significant transactions with related parties can include:

- the payments of grants or loans;
- purchases of goods and services;
- asset purchases, sales, transfers or leases;
- debts forgiven; and
- guarantees.

At the end of the reporting period, there was a receivable of \$561,165 owed by the Department of Industry, Innovation and Science relating to levy revenue received on behalf of the Commonwealth (2018: \$4,369,546). This amount was unsecured and interest-free.

## Note 12. Remuneration of Auditors

	2019 \$'000	2018 \$'000
<b>Remuneration of Auditors</b>		
<b>Fair value of the services provided</b>		
Financial statement audit services provided by the ANAO	37	38
<b>Total</b>	<b>37</b>	<b>38</b>

Non-audit services were provided during the financial year to the total of \$69,000 (2018: \$6,000) by Ernst & Young Australia who are subcontracted by the ANAO (Australian National Audit Office) to perform NOPSEMA's financial statement audit.

## Note 13. Financial Instruments

	2019 \$'000	2018 \$'000
<b>Note13A: Categories of Financial Instruments</b>		
<b>Financial Assets under AASB 139</b>		
<b>Loans and Receivables:</b>		
Cash and cash equivalents		11,864
Trade and other receivables		9,780
<b>Total</b>		<b>21,644</b>
<b>Financial Assets under AASB 9</b>		
<b>Financial Assets at Amortised Cost:</b>		
Cash and cash equivalents	13,119	
Trade and other receivables	6,685	
<b>Total</b>	<b>19,804</b>	
<b>Total Financial Assets</b>	<b>19,804</b>	<b>21,644</b>
<b>Financial Liabilities</b>		
<b>Financial Liabilities measured at Amortised Cost:</b>		
Trade creditors	453	578
Other	608	793
<b>Total</b>	<b>1,061</b>	<b>1,371</b>
<b>Total Financial Liabilities</b>	<b>1,061</b>	<b>1,371</b>

**Note 13B: Classification of financial assets on the date of initial application of AASB 9**

Financial assets class	Note	AASB 139 original classification	AASB 9 new classification	AASB 139 carrying amount at 1 July 2018 \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Cash and Cash Equivalents	13A	Loans and Receivables	Amortised Cost	11,864	11,864
Trade and Other Receivables	13A	Loans and Receivables	Amortised Cost	9,780	9,780
<b>Total financial assets</b>				<b>21,644</b>	<b>21,644</b>

**Note 13C: Reconciliation of carrying amounts of financial assets on the date of initial application of AASB 9**

Financial assets at amortised cost	AASB 139 carrying amount at 30 June 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	AASB 9 carrying amount at 1 July 2018 \$'000
Loans and Receivables				
Cash and Cash Equivalents	11,864	—	—	11,864
Trade and Other Receivables	9,780	—	—	9,780
<b>Total financial assets</b>	<b>21,644</b>	<b>—</b>	<b>—</b>	<b>21,644</b>

## Financial Assets

With the implementation of AASB 9 Financial Instruments for the first time in 2019, the entity classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- financial assets at fair value through other comprehensive income; and
- financial assets measured at amortised cost.

### Financial Assets at Amortised Cost

Financial assets included in this category need to meet two criteria:

- the financial asset is held in order to collect the contractual cash flows; and
- the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

### 13D Net Gains or Losses on Financial Assets

	2019 \$'000	2018 \$'000
<b>Financial assets at amortised cost</b>		
Interest revenue	285	247
<b>Net gains/(losses) on financial assets at amortised cost</b>	<b>285</b>	<b>247</b>
<b>Net gains on financial assets</b>	<b>285</b>	<b>247</b>

## Note 14. Contingencies

NOPSEMA has no identified contingencies to report.

### Accounting Policy

Contingent liabilities and contingent assets are not recognised in the statement of financial position but are reported in the notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

## Note 15. Budget Variances Commentary

Explanations of major variances	Affected line items
Operating expenses remain substantially constrained by NOPSEMA in anticipation of budgetary pressures in future periods.	<b>Statement of Comprehensive Income:</b> Employee benefits  <b>Statement of Financial Position:</b> Cash  <b>Statement of Changes in Equity:</b> Surplus  <b>Cash Flow Statement:</b> Cash used - Employees
In 2018-19, levy revenue was below budget due to lower than expected submissions.	<b>Statement of Comprehensive Income:</b> Revenue  <b>Statement of Financial Position:</b> Cash  <b>Statement of Changes in Equity:</b> Surplus  <b>Cash Flow Statement:</b> Cash received - Receipts from levies
Revenue from the Government was no longer receivable by NOPSEMA due to legislative change.	<b>Statement of Comprehensive Income:</b> Revenue from Government
Trade and other receivables was lower against budget due to lower than anticipated levy revenue.	<b>Statement of Financial Position:</b> Trade and other receivables
Other non-financial assets were higher due to a prepayment of rent.	<b>Statement of Comprehensive Income:</b> Suppliers  <b>Statement of Financial Position:</b> Other non-financial assets  <b>Cash Flow Statement:</b> Cash used - Accommodation

Explanations of major variances	Affected line items
<p>Accrued expenditure was higher against budget due to costs associated with the relocation of the Melbourne office.</p>	<p><b>Statement of Financial Position:</b> Suppliers</p> <p><b>Cash Flow Statement:</b> Cash used - Suppliers</p>
<p>Other provisions relate to Lease incentives and Makegood provisions which were in line with budget.</p>	<p><b>Statement of Comprehensive Income:</b> Suppliers</p> <p><b>Statement of Financial Position:</b> Other Provisions</p>
<p>Lift on recruitment freeze allowed NOPSEMA to hire permanent staff members which resulted in higher employee leave provisions against budget.</p>	<p><b>Statement of Financial Position:</b> Employee Provisions</p>

# Advisory Board **report**



# Advisory Board report

## NOPSEMA Board functions

The NOPSEMA Board is established under Part 6.9, Division 3 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGs Act) and is established as a separate entity to NOPSEMA. It does not have a role in decision-making matters, nor may it direct the operations or individual decisions of NOPSEMA. Section 654 of the OPGGS Act sets out the functions of the Board in full.

The Board may provide advice and recommendations to the CEO of NOPSEMA about operational policies and strategies to which the CEO must have regard.

The Board also provides advice to the responsible Commonwealth, State and Northern Territory petroleum and greenhouse gas Ministers, and the COAG Energy Council on policy and strategic matters relating to the occupational health and safety of persons engaged in offshore petroleum operations, as well as on well integrity, the environment and the performance of NOPSEMA.

## Stakeholder engagement

### Minister

The NOPSEMA Board is constituted separately to NOPSEMA in order to provide independent advice to the NOPSEMA CEO, relevant state and territory Ministers and the responsible Commonwealth Minister.

The Chair and NOPSEMA CEO did not have the opportunity to meet with the Hon Matthew Canavan MP, Minister for Resources and Northern Australia during the reporting period.

## NOPSEMA CEO

Mr Smith attended and participated in all Board meetings during the reporting period. At each of its meetings the CEO provided an update on corporate governance and risk issues arising during the preceding quarter, data on industry and NOPSEMA's performance, and recent and forthcoming changes to the legislation and regulations administered by NOPSEMA.

## Focus areas

Based on its deliberations, the Board provided general advice to the Minister for Resources and Northern Australia following each meeting. This included information on the following topics:

### Decommissioning and late life asset transfers

The Board remains concerned regarding the Federal Government's financial exposure to matters relating to decommissioning and the oversight of late life assets. Although the transfer of title is a matter for the National Offshore Petroleum Titles Administrator (NOPTA), the ability of title holders to divest all responsibility for the safety and environmental performance of ageing assets is a matter of concern to the Board, especially when it involves the sale of assets to financially (and perhaps technically) less capable owners. The Board understands these challenges are being considered jointly by the Department of Industry, Innovation and Science, (DIIS), NOPTA and NOPSEMA with a view to identifying potential policy remedies which may include legislative amendments. The NOPSEMA Board will be interested to see the outcome of this consideration that are due later in 2019.

## Amendment to Environment Regulations

The Board was pleased the amendments to the Environment Regulations to increase the transparency of offshore oil and gas environment plans became effective as of 25 April. From this date draft environment plans submitted to NOPSEMA will be published prior to regulatory assessment, and a 30 day public comment period will apply to environment plans for seismic surveys and exploratory drilling.

## Stakeholder engagement

In August 2018, a referral was provided by the NOPSEMA CEO seeking the Board's advice on stakeholder engagement. NOPSEMA has responded to the Board's recommendations and has completed the first of a number of updates to its website and published new guidance to facilitate increased transparency in the environment plan assessment process. The Board is pleased with the response to the referral and believes NOPSEMA has significantly improved its engagement and is balancing its stakeholder engagement without compromising its regulatory independence.

The Board has also discussed ways in which NOPSEMA can demonstrate how it adds value and improve community understanding of its decisions. The Board agrees that transparency of NOPSEMA's processes is extremely important and remains supportive of NOPSEMA's efforts to improve transparency and consultation through its ongoing activities with the Community and Environment Reference Group (CERG) and Transparency Taskforce.

National Energy Resources Australia (NERA) facilitated a roundtable meeting with the petroleum and seafood industries in November 2018, with presentations from the Australian Fisheries Management Authority (AFMA), DIIS, and NOPSEMA explaining

the similarities and differences between how both industries are regulated. The Board has heard anecdotally that significant cultural and communication challenges remain in getting better alignment between these two industries over the long term. Further work is to be progressed and the Board will continue to monitor progress, noting the positive efforts being made to improve engagement and collaboration between these two critical industries.

## Cross Industry Collaboration

In July 2018, the Chair and NOPSEMA CEO appeared before the inquiry into the work, health and safety of workers in the offshore petroleum industry, undertaken by the Senate Education and Employment References Committee. Two major themes were raised through the Inquiry which were (1) the role of, and engagement with, Health and Safety Representatives (HSRs) and (2) the application of enforcement mechanisms, with particular focus on prosecutions.

The Board was pleased that in June 2019, NOPSEMA convened a Forum for Health and Safety Representatives. The forum was facilitated through a tripartite organising committee chaired by NOPSEMA with representation from DIIS, the workforce (via the Australian Council of Trade Unions and the Australian Manufacturing Workers Union), and industry (via the Australian Petroleum Production and Exploration Association and Safer Together). The Forum was considered a successful event and the planning committee will continue to provide updates via the NOPSEMA website and *the Regulator* magazine.

## **Liaison with the Australian Petroleum Production and Exploration Association (APPEA)**

In August 2018, the Chair and NOPSEMA CEO met with the APPEA Board Chair Ms Zoe Yujnovich and then APPEA CEO Dr Malcolm Roberts to discuss APPEA's role in safety matters and the expansion of the Safer Together industry initiative. During that meeting APPEA reiterated their commitment to ongoing safety improvements by industry, while acknowledging that the Safer Together initiative was yet to mature in the offshore space, with its focus predominately onshore since its founding 2014. Other matters discussed with APPEA included community engagement by multi-client seismic survey companies and the entry of new market operators through acquisition of late life assets.

## **The year ahead**

Taking into account its functions under the OPGGS Act and allowing for any ministerial and CEO requests for specific advice during the coming year, the Advisory Board's work program includes:

- participating in the independent audit of NOPSEMA's consideration of exploration in the Great Australian Bight
- continuing to monitor how industry is working together to embed lessons learned, refresh the safety culture of the whole offshore workforce and prepare for the growing need to decommission offshore infrastructure
- continuing to monitor industry performance, including analysis of available data to encourage better leading indicators and increased transparency in relation to process safety, safety culture, environmental management and hydrocarbon releases
- ongoing advice to the Minister as required
- ongoing advice to the CEO at Advisory Board meetings and out of session.

## Board membership and attendance

During the reporting period the term of Mr Ken Fitzpatrick was extended until 14 March 2022 and new members Ms Anthea Tinney and Mr Christopher Blackmore were appointed, with effect from 7 January 2019 until 6 January 2022.

There were four meetings during the reporting period, attendance is indicated in the following table:

Name	22 August 2018 Meeting 27	28 November 2018 Meeting 28	12 March 2019 Meeting 29	12 June 2019 Meeting 30
Ms Erica Smyth	●	●	●	●
Dr James Limerick	●	●	●	●
Ms Trish Kerin	●	●	●	Apology
Mr Ken Fitzpatrick	●	●	●	●
Mr Anthony Evans	●	●	●	●
Prof Melinda Hodkiewicz	●	●	●	●
Ms Anthea Tinney	N/A	N/A	●	●
Mr Christopher Blackmore	N/A	N/A	●	●

It is the Board's practice that a senior representative of the Department of Industry, Innovation and Science attends meetings as an observer to ensure there are effective communications between the Board and the Department and that policy issues and their priority are well understood.

## Board financial statement

Remuneration of Board members is set by the Remuneration Tribunal. NOPSEMA funds the remuneration of the Board and its members and the cost of travel to meetings. NOPSEMA also provides secretariat support for board meetings. The Board does not employ staff and does not own or lease physical assets.

Board expenditure in 2018–19 in comparison to NOPSEMA's 2018–19 budget allocation and expenditure in 2017–18 is set out in the following table. The increase in expenditure compared to 2017–18 is as a result of two additional Board members being appointed by the Minister in January 2019.

Expenditure Items	Annual Budget 2018–19	Actuals 2018–19	Variance Favourable/ (Unfavourable)	Last Year's Actuals 2017–18
	\$'000	\$'000	\$'000	\$'000
Members Remuneration	303	295	8	254
Travel and Accommodation	14	17	3	10
Other Expenses	1	1	0	1
<b>Total</b>	<b>318</b>	<b>313</b>	<b>5</b>	<b>265</b>

# Appendices



# Appendices

## Appendix 1: Executive remuneration

### Introduction

The following disclosures cover Key Management Personnel (KMP) and Other Highly Paid Staff, the category of Senior Executives are not disclosed separately as they are all included under KMP.

### Remuneration policies, practices and governance

The remuneration policy for NOPSEMA employees operates with reference to the following Commonwealth legislation; Australian Public Service Enterprise Award 2015, *Fair Work Act 2009*, *Public Service Act 1999*, *Superannuation Act 1976*, *Superannuation Act 1990*, *Superannuation Act 2005* and the Australian Public Service Workplace Bargaining Policy 2018.

Remuneration is based upon the classification structure in Table 1 below. Within these classifications, remuneration is fixed, there is no provision for incentive payments or bonuses and salary progression is linked to individual performance, with any remuneration increases applying prospectively.

**Table 1: NOPSEMA classification structure**

APS Group	NOPSEMA Classification
<b>Group 7 – EL1</b>	<b>Executive Level 1</b>
	OHS Regulatory / Environment Specialist*
	Well Integrity Specialist*
<b>Group 8 – EL 2</b>	<b>Executive Level 2</b>
	OHS Regulatory Specialist (Lead)*
	Regulatory Manager / Environment Manager*
	Well Integrity Manager*
<b>Group 9 – SES</b>	<b>Head of Division</b>

Note:

- positions marked with \* are referred to as 'regulatory positions'; and
- all other positions are referred to as "corporate positions".

The NOPSEMA performance management process measures employee progress against objectives agreed at the start of each financial year. On an annual basis, an overall performance rating is determined and reviewed, with this rating providing input to the individual's remuneration review.

Salary levels are determined by a remuneration review process which takes into account relevant information, including market research, employee benefits, the Consumer Price Index (CPI) and the Australian Public Service (APS) Workplace Bargaining Policy 2018.

An annual remuneration review that includes research and benchmarking against broader APS and oil and gas industry pay rates, economic information available from the Australian Bureau of Statistics and the APS Bargaining Policy in place is undertaken.

The results of the annual review form part of a report prepared for the NOPSEMA leadership team (NLT), this is comprised of the Chief Executive Officer, the Heads of Division together with the General Counsel. This report provides a basis for discussion at NLT, however the ultimate decision is for the Chief Executive Officer to decide on any proposed increases. Commonwealth entities are required to consult with the Australian Public Service Commissioner for approval of any proposed remuneration increases, this is to ensure compliance with any Australian Public Service policies. NOPSEMA also seek the endorsement for any salary increases from our portfolio agency via the Secretary of the Department of Industry, Innovation and Science.

In addition to the NOPSEMA employees above, a separate process exists for the Chief Executive Officer (full-time), the Advisory Board Members (part-time) and the Advisory Board Chair (part-time), they are remunerated according to the Commonwealth Remuneration Tribunal. The current determinations in force are the Remuneration and Allowances for Holders of Full-time Public Office Determination 2019 and the Remuneration and Allowances for Holders of Part-time Public Office Determination 2019.

**Table 2: Key management personnel (KMP)**

Name	Position title	Short-term benefits		Post-employment benefits	Other long-term benefits		Termination benefits (\$)	Total remuneration (\$)
		Base salary (\$)	Bonuses and other benefits and allowances (\$)		Long service leave (\$)	Other long-term benefits (\$)		
<b>Stuart Smith</b>	Chief Executive Officer	371,743	Nil	56,602	5,316	Nil	Nil	433,661
<b>Karl Heiden</b>	Head of Division - Regulatory Support	318,419	714	57,431	6,834	Nil	Nil	383,397
<b>Cameron Grebe</b>	Head of Division - Environment	314,730	Nil	47,729	6,834	Nil	Nil	369,293
<b>Derrick O'Keefe</b>	Head of Division - Safety and Integrity	336,429	Nil	47,918	5,315	Nil	Nil	389,663
<b>Suzanne Hillier</b>	General Counsel	214,666	40,571	37,312	5,071	Nil	Nil	297,621
<b>Total</b>		<b>1,555,987</b>	<b>41,285</b>	<b>246,994</b>	<b>29,370</b>	<b>-</b>	<b>-</b>	<b>1,873,635</b>

Note 1: In addition to the Remuneration Tribunal Determination for the Chief Executive Officer, accrued annual leave and accrued long service leave are included in accordance with the reporting guide.

Note 2: All senior executive staff are included in table 2 – key management personnel and are therefore not disclosed separately.

**Table 10: Other highly paid staff**

Remuneration band	Number of other highly paid staff	Short-term benefits		Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary (\$)	Average bonuses and other benefits and allowances (\$)		Average long service leave (\$)	Average other long-term benefits (\$)		
\$220,001 – \$245,000	6	182,486	232	28,848	1,060	Nil	15,149	227,774
\$245,001 – \$270,000	56	244,568	852	37,284	2,787	Nil	94	285,586

## Appendix 2: EPBC Act streamlining performance report 2018–19

On 28 February 2014, NOPSEMA was endorsed as the sole regulator for petroleum activities in Commonwealth waters. This report provides a summary of NOPSEMA's performance under the streamlined arrangements for the period 1 July 2018 to 30 June 2019. Further information about the endorsed Program is available at [nopsema.gov.au](http://nopsema.gov.au).

Regulatory activity 1 July 2018 to 30 June 2019		
Submission type	Category	Number
Offshore project proposal	Accepted for public comment	2
	Accepted	0
	Assessments in progress	1
Environment plan	Accepted	41
	Assessments in progress	10
	Decisions—Refuse to accept	0
	Assessments stopped/cancelled	0
	Acceptances that pose unacceptable impacts to matters protected under Part 3 of Environment Protection and Biodiversity Conservation Act 1999	0

1. The offshore project proposal (OPP) process streamlines decision-making on the overall environmental acceptability of offshore projects in Commonwealth waters and is designed to deliver equivalent environmental outcomes to the environmental impact assessment process under the EPBC Act.
2. NOPSEMA publishes OPPs that are open for public comment following its determination that the OPP is suitable for publication. The public then have an opportunity to review and provide comment on the OPP. Based on year of acceptance for public comment (1 July 2018 - 30 June 2019)
3. The final accepted OPP. Based on year of completion (1 July 2018 - 30 June 2019)
4. Based on year of submission (1 July 2018 - 30 June 2019)
5. Based on year of completion (1 July 2018 - 30 June 2019)

During the reporting period, NOPSEMA continued to implement the Program Administrative Arrangements. This included sharing information with the Department of the Environment and Energy (DEE) about NOPSEMA's regulatory activities such as environment plan assessments, inspections and enforcement actions and, providing advice to DEE on post-approval matters relating to prior *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) approval conditions. NOPSEMA also engages with DEE Program contacts to ensure clarity and certainty on evolving approaches to EPBC policy implementation and administration of EPBC Act instruments, such as Recovery Plans.

NOPSEMA continues to apply and improve its regulatory practice to ensure that Program objectives are being met. A notable example during the reporting period was the decision to accept the environment plan for the Duntroon seismic survey *with* conditions. These conditions were set to provide assurance that Program commitments will be achieved if the activity proceeds.

On 25 April 2019, amendments to the Offshore Petroleum and Greenhouse Gas Storage Environment Regulations (Environment Regulations) took effect, introducing a 30 day public comment period for seismic and exploratory drilling proposals. The public comment process provides the community with an opportunity to have their say on the proposed environmental management of exploration activities before NOPSEMA commences its formal assessment. Environment plans are also published in full on NOPSEMA's website. NOPSEMA is implementing the revised regulatory requirement for all environment plan submissions received after 25 April 2019.

Offshore project proposals (OPP) for the Shell Australia Pty Ltd Crux development and the Woodside Energy Ltd Scarborough development proposals were accepted as being suitable for comment on 17 January 2019 and 26 June 2019 respectively. The proposals were subject to a public comment period and NOPSEMA's assessments will continue into the next reporting period once the proponents consider and respond to the information received.

NOPSEMA has contractual arrangements in place with the Australian Antarctic Division and utilised these provisions to seek specialist marine mammal advice during the reporting period. On 12 November 2018, a Deed of Standing Offer between the DEE and NOPSEMA was executed allowing DEE to engage assessment, compliance and other regulatory support services from NOPSEMA. In accordance with the Deed, NOPSEMA has been engaged to provide support for the assessment of the Woodside Energy Ltd Browse to North West Shelf development proposal under the EPBC Act.

The Program requires that a review takes place every five years after the initial review, which was undertaken one year after the Program arrangements were in effect. The first of the five-yearly reviews will occur during the next reporting period and NOPSEMA is committed to working with the DEE and Department of Industry Innovation and Science to ensure that the review is efficient and effective.

## Appendix 3: Staffing statistics 2018–19

NOPSEMA staffing and remuneration 2018–2019 (as at 30 June 2019)												
NOPSEMA classification	APS3	APS4	APS5	APS6	EL1	EL1 Regulatory	EL1 Well Integrity	EL2	EL2 Lead	EL2 Regulatory Managers	EL2 Well Integrity	SES
Full-time	65,371	72,770	86,337	99,905	135,673	200,740	276,017	172,675	228,342	250,925	301,109	304,694
salary range	–	–	–	–	–	–	–	–	–	–	–	
(\$)	71,538	85,105	98,672	112,238	168,236	225,832	294,837	203,508	249,668	276,017	319,929	
Staff total	4	15	7	17	6	49	6	5	2	10	1	3
Perth	4	14	7	17	6	43	5	5	2	9	1	3
Melbourne	0	1	0	0	0	6	1	0	0	1	0	0
Part-time	1	0	0	3	0	4	1	0	0	1	0	0
Full-time	3	15	7	14	6	45	5	5	2	9	1	3
Male	0	3	1	8	1	37	5	2	2	8	1	3
Female	4	12	6	9	5	12	1	3	0	2	0	0
Indigenous	0	0	0	0	0	0	0	0	0	0	0	0

Note 1: All staff are employed on common law contracts.

# Addendum to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) Annual Report 2018–19: Appendix 3 – Staffing statistics 2018–19 pg 132

Total employees 2017–18									
	Male			Female			Indeterminate		
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total
NSW	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0
VIC	5	0	5	1	1	2	0	0	0
WA	63	0	63	39	7	46	0	0	0
ACT	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>68</b>	<b>0</b>	<b>68</b>	<b>40</b>	<b>8</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>

Total employees 2018–19									
	Male			Female			Indeterminate		
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total
NSW	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0
VIC	6	1	7	2	0	2	0	0	0
WA	63	1	64	44	8	52	0	0	0
ACT	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>69</b>	<b>2</b>	<b>71</b>	<b>46</b>	<b>8</b>	<b>54</b>	<b>0</b>	<b>0</b>	<b>0</b>

Ongoing employees 2017–18										
	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total Male	Full Time	Part Time	Total Female	Full Time	Part Time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	5	0	5	1	1	2	0	0	0	7
WA	60	0	60	35	6	41	0	0	0	101
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>65</b>	<b>0</b>	<b>65</b>	<b>36</b>	<b>7</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>108</b>

Ongoing employees 2018–19										
	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total Male	Full Time	Part Time	Total Female	Full Time	Part Time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	6	0	6	2	0	2	0	0	0	8
WA	51	1	52	34	7	41	0	0	0	93
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>57</b>	<b>1</b>	<b>58</b>	<b>36</b>	<b>7</b>	<b>43</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>101</b>

Non-ongoing employees 2017–18										
	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	0	0	0	0	0	0	0	0	0
WA	3	0	3	4	1	5	0	0	0	8
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>3</b>	<b>0</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>

Non-ongoing employees 2018–19										
	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total	Full Time	Part Time	Total	Full Time	Part Time	Total	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	0	1	1	0	0	0	0	0	0	1
WA	12	0	12	10	1	11	0	0	0	23
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>12</b>	<b>1</b>	<b>13</b>	<b>10</b>	<b>1</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>



## Appendix 4: List of requirements

PGPA rule reference	Description of the requirement	Page of this report
17BE (a)	Details of the legislation establishing the body.	13
17BE (b) (i)	A summary of the objects and functions of the entity as set out in the legislation.	15
17BE (b) (ii)	The purposes of the entity as included in the entity's corporate plan for the period.	16
17BE (c)	The names of the persons holding the position of responsible minister or responsible ministers during the period, and the titles of those responsible ministers.	3
17BE (d)	Any directions given to the entity by a minister under an act or instrument during the period.	n/a
17BE (e)	Any government policy orders that applied in relation to the entity during the period under section 22 of the PGPA Act.	n/a
17BE (f)	Particulars of non-compliance with: <ul style="list-style-type: none"> <li>a. a direction given to the entity by the Minister under an Act or instrument during the reporting period; or</li> <li>b. a government policy order that applied in relation to the entity during the reporting period under section 22 of the act</li> </ul>	n/a
17BE (g)	The annual performance statements for the entity for the period in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule	37
17BE (h), 17BE (i)	A statement of any significant issue reported to the responsible minister under paragraph 19(1)(e) of the act that relates to non-compliance with the finance law and action taken to remedy non-compliance	n/a
17BE (j)	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period	19
17BE (k)	An outline of the organisational structure of the entity (including any subsidiaries of the entity).	18
17BE (ka)	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> <li>a. statistics on full-time employees;</li> <li>b. statistics on part- time employees;</li> <li>c. statistics on gender;</li> <li>d. statistics on staff location</li> </ul>	132

PGPA rule reference	Description of the requirement	Page of this report
17BE (l)	An outline of the location (whether or not in Australia) of major activities or facilities of the entity.	2
17BE (m)	Information in relation to the main corporate governance practices used by the entity during the period.	78
17BE (n) 17BE (o)	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): <ul style="list-style-type: none"> <li>a. the decision-making process undertaken by the accountable authority to approve the entity paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and</li> <li>b. the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions</li> </ul>	75–76
17BE (p)	Any significant activities and changes that affected the operations or structure of the entity during the period.	33
17BE (q)	Particulars of judicial decisions or decisions of administrative tribunals made during the period that have had, or may have, a significant effect on the operations of the entity.	n/a
17BE (r)	Particulars of any report on the entity given during the period by: <ul style="list-style-type: none"> <li>• the Auditor General, other than a report under section 43 of the act (which deals with the Auditor General's audit of the annual financial statements for Commonwealth entities)</li> <li>• a Parliamentary Committee; or</li> <li>• the Commonwealth Ombudsman</li> <li>• the Office of the Australian Information Commissioner.</li> </ul>	86
17BE (s)	An explanation of the information that was not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	n/a
17BE (t)	Details of any indemnity that applied during the period to the accountable authority, any member of the accountable authority or officer of the entity against a liability (including premiums paid, or agreed to be paid, for insurance against the authority, member or officer's liability for legal costs).	79
17BE (ta)	Information about executive remuneration	126



