

# 19- 20

ANNUAL REPORT



**NOPSEMA**  
Australia's offshore energy regulator

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# About this report

## About this report

This report outlines the operations and performance of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for the financial year ending 30 June 2020. It has been prepared in accordance with section 46 of the [Public Governance Performance and Accountability Act 2013](#) (PGPA Act), the [Public Governance, Performance and Accountability Rule 2014](#) (PGPA Rule) and the Department of Finance [Resource Management Guide Number 136](#).

The compliance index in this report lists the information required by the PGPA Act and PGPA Rule and the corresponding page within this report, where specific information can be found. This annual report can be found on NOPSEMA's website at [nopsema.gov.au](http://nopsema.gov.au)

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# Letter of transmittal

The Hon Keith Pitt, MP  
Minister for Resources, Water and Northern Australia  
Parliament House  
Canberra ACT 2600

Dear Minister,

I am pleased to present the Annual Report of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) for the year ending 30 June 2020.

This report has been prepared for the purposes of section 46 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), which requires that I prepare and provide an annual report to you for presentation to the Parliament.

The annual performance statement in part two of this report is prepared in accordance with paragraph 39(1) of the PGPA Act and accurately presents NOPSEMA's performance for the 2019–20 financial year in accordance with subsection 39(2) of the PGPA Act.

The report includes NOPSEMA's audited financial statements prepared in accordance with the Public Governance, Performance and Accountability (Financial Reporting) Rule 2015.

I certify that I am satisfied that NOPSEMA has in place appropriate fraud control mechanisms that meet our needs and comply with the PGPA Act, PGPA Rule and associated framework applying in 2019–20.

Should you or your Office wish to discuss the content of the report I may be contacted at [stuart.smith@nopsma.gov.au](mailto:stuart.smith@nopsma.gov.au) or on 08 6188 8701.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Stuart Smith', with a stylized flourish at the end.

Stuart Smith  
Chief Executive Officer

18 September 2020



# Message from the Chief Executive Officer





# Message from the Chief Executive Officer



Undoubtedly, the 2019-20 financial year will be remembered as one of the most challenging for the offshore oil and gas sector. Changing circumstances imposed by COVID-19, coupled with historically low oil prices, have forced the sector to respond, adapt and embrace future-focused approaches for navigating our new normal. For NOPSEMA, this has meant prioritising the health and safety of the offshore workforce and protection of the environment.

During the second half of the last financial year, NOPSEMA has been focused on the reduction of risks associated with COVID-19. This focus has included the establishment of a COVID-19 Regulatory Taskforce and the development of a COVID-19 Pandemic Compliance Strategy. The Strategy outlines our approach to supporting industry in its production of essential energy supplies, while overseeing industry management of health, safety and environmental risks. This approach includes enforcing high standards of maintenance of offshore facilities and oil spill response preparedness.

Results from NOPSEMA's COVID-19 *health* inspections confirm operators of offshore facilities have been equipped with appropriate arrangements for protecting workers from infectious diseases such as COVID-19. Results indicate that operators have taken reasonable steps to protect the health of the workforce in relation to COVID-19 and that operators continue to monitor and evolve their arrangements in response to latest information and expert medical advice.

Results from COVID-19 *consequence* inspections found that about a third of facilities had changed or deferred their routine maintenance processes in response to pressures related to COVID-19 and low oil prices. NOPSEMA has identified deferral of maintenance as a key compliance issue. To assist petroleum companies in achieving compliance with the long-term, pre-existing legislative requirement to maintain and remove property, NOPSEMA recently released a draft policy – Section 572 maintenance and removal of property – for the review and input of stakeholders. While petroleum companies in Australia have always been required to demonstrate how they will maintain and remove all property and equipment, in late 2019 the then federal Minister for Resources issued NOPSEMA with a Statement of Expectations seeking heightened focus on the existing legislative requirement for offshore petroleum companies to maintain and remove all property and equipment.

The effects of COVID-19 are reflected in regulatory performance data and overall results for the annual reporting period. For example, in 2019-20, the number of offshore petroleum hours worked in waters regulated by NOPSEMA fell by 24 per cent to 10.2 million hours, the lowest level reported since 2016-17. This reduction in hours was shared evenly across both fixed and mobile facilities.

During the last financial year, NOPSEMA inspectors completed 218 inspections across multiple facilities and activities, representing an increase of almost 25 per cent on the previous year. This increase is reflective of the introduction of COVID-19 inspections during 2020. From these inspections, 589 recommendations for improvement were identified and issued to relevant duty holders for action.

Further to this activity, 569 investigations were undertaken with the objective of assessing particular concerns, verifying reports of notifiable incidents, workforce complaints and relevant provided information.

NOPSEMA received 397 reports of occupational health and safety incidents, including 11 accidents and 386 dangerous occurrences, which is comparable to last year's 387 recorded incidents. When taking into account the decrease in industry activity levels reported to NOPSEMA by facility operators, the incident rate increased from 28.9 per million hours worked in 2018–19 to 38.9 incidents per million hours worked in 2018–19.

In recent years, NOPSEMA has encouraged increased transparency of decision-making processes for environmental approvals of offshore drilling and exploration proposals. This encouragement reflected a belief that increased transparency could improve environmental outcomes and address concerns that the offshore energy regulatory regime was not meeting growing community expectations regarding openness. In 2017, NOPSEMA established a transparency taskforce which contributed to legislative changes including amendments to the Environment Regulations requiring publication of environment plans and the introduction of a public comment period. These amendments have supported relevant and interested parties in gaining a better understanding of proposed activities and in contributing input to assessment processes.

Increased scrutiny has not been confined to the offshore oil and gas industry, with NOPSEMA and the legislation it administers being subject to a multitude of independent reviews and inquiries. In August 2019, for example, NOPSEMA provided a submission to the Department of Industry, Science, Energy and Resources' review of the offshore petroleum and greenhouse gas storage regulatory regime. That was followed in October 2019 with NOPSEMA providing a submission to the Productivity Commission review into resources sector regulation. Then, in February 2020, NOPSEMA made a submission to the Senate inquiry into the impact of seismic testing of fisheries and the marine environment.

In addition to appearing for Senate Estimates hearings in October 2019 and March 2020, NOPSEMA was also the subject of an independent audit of its consideration of exploration in the Great Australian Bight. The audit was led by the Chief Scientist for Australia and found NOPSEMA to be a highly skilled, professional and competent regulator with appropriate processes, procedures and guidance material in place for multiple functions.

NOPSEMA will be subject to further inquiries in 2020-21, with a five-yearly independent operational review due in 2020 as well as NOPSEMA's program review under the *Environmental Protection and Biodiversity Conservation* (EPBC) Act. NOPSEMA welcomes the high degree of scrutiny which can support accountability and performance outcomes.

The challenges presented during 2019-20, including the many impacts and consequences of COVID-19 on the offshore oil and gas sector, have produced some silver linings like increased collaboration. NOPSEMA has observed a greater willingness for stakeholders including industry, government, workplace representatives and regulatory bodies in Australia and overseas, to share information to deal with problems



collectively. This increased collaboration has made an important contribution to faster and better responses to emerging issues. The COVID-19 pandemic has also highlighted the diverse nature of threats to safe operations, serving as a reminder of the importance of continued vigilance and responsiveness to change.

In closing, 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 in ensuring sound safety and environmental outcomes.

A handwritten signature in black ink, consisting of stylized, overlapping loops and strokes, likely representing the name Stuart Smith.

Stuart Smith  
Chief Executive Officer

# **Message from the Advisory Board Chair**



# Message from the Advisory Board Chair

The NOPSEMA Ministerial Advisory Board held four meetings during the reporting period, and provided regular written reports to the responsible Commonwealth Minister following each meeting. Membership of the board had several changes during the year, with the terms of Mr Anthony Evans and Mr Jim Limerick PSM concluding; the terms of Ms Erica Smyth AC and Professor Melinda Hodkiewicz being extended, and Professor Andrew Hopkins being appointed in March 2020. I would like to thank the outgoing members for their support and contribution over the past few years and welcome Professor Hopkins to the Board.

The Chair, Ms Smyth took a leave of absence from 5 March 2020 and formally resigned from the Board as of 4 June 2020. I am pleased to accept the responsibility as acting Chair until a permanent appointment is made.

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 noted the leadership of NOPSEMA during the COVID-19 pandemic to ensure the health and well-being of both its employees and employees working in industry onshore and offshore. It was very pleasing that industry and trade unions engaged collaboratively with NOPSEMA on initiatives to manage risks associated with the pandemic.

The Board recognised the progress made by the Department of Industry, Science, Energy and Resources (DISER) on a number of issues, including the passing of legislation to transfer greenhouse gas regulatory functions to NOPSEMA. The Board looks forward to reviewing the outcomes of the departmental reviews of offshore safety regulations and offshore facilities decommissioning, and the Senate inquiry into marine seismic surveys that are expected in early 2021.

During 2020, NOPSEMA's performance will be subject to independent examination in the five yearly independent operational review, in addition to a streamlining review of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). The role and functions of the Board will be included in the operational review for the first time and the Board welcomes the opportunity to participate in the review process.

The Board provided feedback to the Minister on matters arising from Northern Oil and Gas Australia being placed in administration. The Board supports NOPSEMA's role as an independent regulator and in particular recognised the issues surrounding NOPSEMA's role during the time of uncertainty.

The Board considers NOPSEMA's enforcement actions throughout the last year were proportionate to the regulatory risks identified across industry. The last year has presented a number of examples where the risk of a major accident event led to enforcement actions including notices, directions and prosecutions. The Board believes NOPSEMA uses its enforcement powers in a transparent and consistent manner and according to the principles of procedural fairness.



Management of community and other stakeholder concerns and engagement around these concerns is an enduring challenge for the offshore oil and gas industry. Throughout the past year the Board has discussed this challenge with NOPSEMA and provided advice at meetings. It is positive to note that in this time, NOPSEMA has introduced best practice forums and prioritised stakeholder engagement, focussing on improving transparency in relation to environment approvals. An independent audit by the Chief Scientist found that the regulator's processes and guidelines appropriately take into account all environmental risks and impacts as required under the regulations. The Board welcomed the increased transparency demonstrated during the assessment of environmental plans for drilling in the Great Australian Bight, notwithstanding the Titleholder's subsequent decision to discontinue exploration activities in the permit.

The Board noted that NOPSEMA has developed a range of initiatives to improve engagement with the offshore workforce and Health and Safety Representatives to ensure they have appropriate support. The Board also noted that issues identified during routine inspections of offshore facilities and operations have been recognised as latent risks, not just for the operator being inspected but also across the global offshore industry where applicable. NOPSEMA has been active in publicising these risks resulting in proactive changes by operators in such areas as well construction, automated positioning systems, marine pests and managing liquid wastes offshore.

The Board discussed performance indicators for process safety performance and the status quo within industry addressing process safety over the past several years and recommended NOPSEMA update the respective guidance note. The Board observed that safety and environmental performance data reported by operators and Titleholders is historic, or lagging, and there is a pressing need for industry to report performance against leading indicators in process safety.



Ken Fitzpatrick

Acting Advisory Board Chair

# Overview of NOPSEMA



# Overview 2019–20

## NOPSEMA at a glance

### Establishing legislation and principal functions

NOPSEMA is an independent statutory authority established under the OPGGS Act. NOPSEMA's principal functions are detailed in section 646 of the OPGGS Act and are summarised as follows:

- to promote the occupational health and safety (OHS) of persons engaged in offshore petroleum operations or offshore greenhouse gas storage operations
- to develop and implement effective monitoring and enforcement strategies to secure compliance by persons with their occupational health and safety obligations under the OPGGS Act and regulations
- to investigate accidents, occurrences and circumstances relating to health and safety, structural integrity of facilities, wells and well-related equipment, and environmental management
- to advise on matters relating to health and safety, structural 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 and state or Northern Territory agencies or authorities having functions relating to regulated operations

NOPSEMA meets its legislated functions by undertaking a variety of activities. For more information see NOPSEMA's regulatory activities page.

### Budget outcome

NOPSEMA has a single budget outcome set by the Australian Government and outlined in the [2019–20 Portfolio Budget Statements](#): 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.

The NOPSEMA [Corporate Plan 2019–2024](#) articulated how we would achieve this outcome and how achievement and success would be measured. Table 1 below shows the links between our goals, objectives and delivery strategies.



TABLE 1: NOPSEMA CORPORATE STRATEGY

Goals	Objectives and delivery strategies	
<b>Ensuring our regulatory approach is effective and efficient</b>	<b>Objective 1</b>	Provide expert, consistent, independent regulatory actions and decisions in accordance with legislation, and determine and secure compliance with the law
		Implement risk-based assessment procedures for all legislated submissions
		Implement risk-based inspection programs for all offshore petroleum activities
		Take proportionate enforcement actions that secure compliance, utilising the full range of available measures as applicable
<b>Ensuring we are respected, transparent and provide relevant information to all stakeholders</b>		Undertake investigations in response to potential non-compliances
	<b>Objective 2</b>	Communicate information and regulatory perspective to stakeholders regarding industry-wide safety and environment performance, and understanding of regulatory requirements to ensure effective stakeholder relationships are maintained
		Analyse regulatory intelligence to identify current and emerging issues and communicate performance and lessons learnt to industry
		Continually review, update and publish policies and guidance on NOPSEMA's administration of the legislation where relevant
		Provide timely, regular and relevant information and reports regarding NOPSEMA's performance
<b>Ensuring we have robust and capable systems and resources to support delivery of our services now and into the future</b>		Work collaboratively with other International, Commonwealth, State and Territory agencies to improve efficiency, consistency and service
	<b>Objective 3</b>	Provide efficient, effective, economical and ethical corporate support services, oversight of risk management and a capable workforce to deliver outcomes
		Maintain and adjust our processes and systems to support NOPSEMA's capabilities
		Provide regulatory services in accordance with the published NOPSEMA Regulatory Service Charter
		Implement the NOPSEMA human resource strategy to ensure NOPSEMA has an effectively managed workforce capability
		Ensure there is sufficient funding to provide cost-effective regulatory services that are financially managed with due care and diligence

## Jurisdiction

NOPSEMA regulates all petroleum and greenhouse gas storage activities in offshore areas as defined under the OPGGS Act. Offshore areas start 3 nautical miles from the territorial sea baseline and extend seaward to the outer limits of the continental shelf.

NOPSEMA is also able to regulate petroleum and greenhouse gas storage activities in the coastal waters of states and the Northern Territory where relevant powers and functions have been conferred on NOPSEMA.

As of 30 June 2020, Victoria is the only jurisdiction to have conferred powers and functions on NOPSEMA for the regulation of health and safety and well integrity. Discussions regarding the conferral of powers and functions continue with other jurisdictions.

## Corporate objectives

### Vision

A protected offshore workforce and environment.

### Purpose

To assure the protection of lives and the environment.

### Approach

Influence — Oversee — Enforce

### Values

Professionalism — Ethics — Independence — Leadership — Collegiality

- We will be accountable, consistent, reasonable and act in accordance with the law.
- We will demonstrate respect and integrity in all we do.
- We will make our decisions impartially on the merits of the circumstances, and without undue influence.
- We will be proactive, inclusive and decisive in our conduct as a pre-eminent regulator.
- We will make and act on informed decisions through open and respectful dialogue.

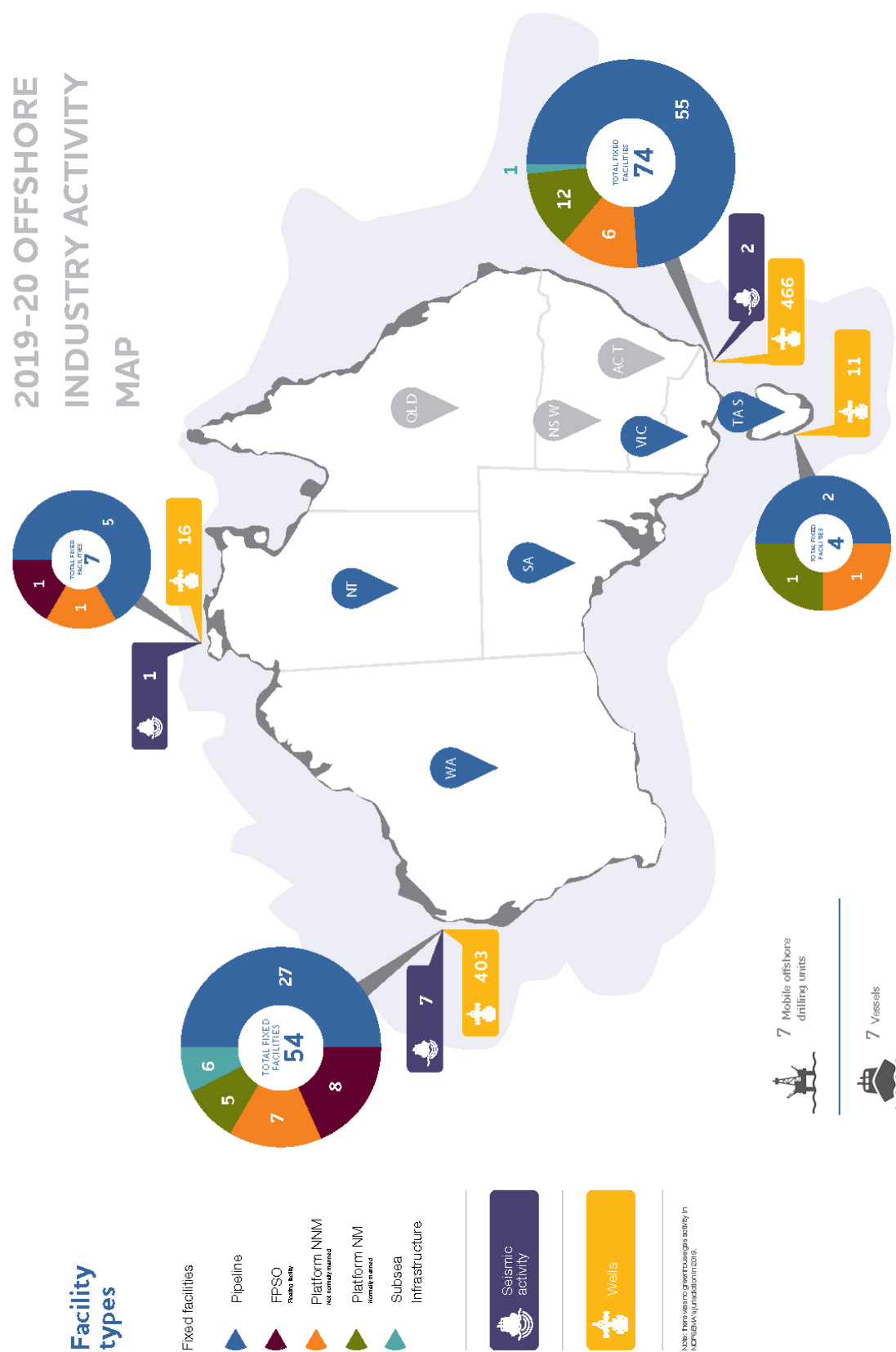


Figure 1: 2019–20 Offshore Industry Activity Map



## Organisational structure

NOPSEMA's organisational structure comprises two regulatory divisions, one regulatory support division, and a Legal Team. Each division reports to the CEO.

This structure provides NOPSEMA with clear lines of responsibility and supports sound corporate governance, stakeholder engagement activities, and compliance efforts.

The Safety and Integrity Division regulates the management of health and safety risks to people at or near offshore petroleum facilities and well integrity.

The Environment Division regulates the management of risks and impacts to the environment arising from offshore petroleum activities.

The Regulatory Support Division leads regulatory development and corporate support services.

The Legal Team provides advice in relation to matters affecting the business operations of NOPSEMA and ensures that NOPSEMA meets its statutory and legal obligations.



Figure 2: NOPSEMA Organisational Chart

## Executive management

### 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, US, Asia, North Africa and the Middle East with companies such as British Gas, Cairn Energy, 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 and is a Graduate of the Australian Institute of Company Directors.



## 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, reforms to improve transparency, consultation processes and more recently decommissioning. 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.

# Regulatory activities

## Assessment

In 2019–20, NOPSEMA completed assessment of 152 key permissioning documents with 97% percent notified within the legislated time frame. NOPSEMA also completed a further 225 assessments of other regulatory submissions.

When a company wishes to commence an offshore petroleum or greenhouse gas storage activity, it must first submit the relevant permissioning documents to NOPSEMA for independent assessment and gain acceptance by NOPSEMA before commencing.

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 accepted, a key permissioning document must clearly demonstrate to NOPSEMA how a company plans to undertake an offshore petroleum or greenhouse gas storage activity in a manner that continually reduces the level of risk to the health and safety of the offshore workforce and the integrity of drilled well(s) to low as reasonably practicable (ALARP), and environmental impacts and environmental risks to levels that are ALARP and acceptable.

Type of assessment	Number submitted <sup>1</sup>	Number notified <sup>2</sup>	Percentage notified in time
Safety case	69	73	96%
Well operations management plan	28	29	100%
Diving safety management system	5	4	50%
Diving project plan	0	0	N/A
Offshore project proposal	5	4	100%
Environment plan	45	44	100%
Other	225	N/A	N/A

Other assessments comprise scope of validation, final (well) abandonment report, environment plan summary, end of an environment plan, application to access to the area to be avoided, establish or access a petroleum safety zone, diving start-up notice, and request for title-related information from NOPTA.

<sup>1</sup> Based on date of submission

<sup>2</sup> Assessments where NOPSEMA has formally notified the duty holder in writing. Based on date of first notification

## Inspection

**In 2019–20, NOPSEMA undertook 218 inspections from which we issued 589 recommendations.**

When a duty holder commences an offshore petroleum or greenhouse gas storage activity, NOPSEMA will conduct regular inspections of the activity to ensure the duty holder is complying with the OPGGS Act, associated 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, 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.

NOPSEMA provides the duty holder with a detailed report of its inspection findings, conclusions and, where relevant, recommendations. For any recommendations issued, NOPSEMA requires a response, including the time frame for addressing the matters raised by the recommendation.

Type of inspection	Number commenced in year	Number of recommendations issued from inspections commenced
Health & safety	144	439
Structural and well integrity	21	4
Environmental management	53	146

## Investigation

**In 2019–20, NOPSEMA initiated 569 investigations into 477 reports of notifiable incidents, 19 complaints and 73 instances of information provided by third parties.**

NOPSEMA investigates all notifiable incidents, workforce complaints or information provided by a third party to independently verify and determine if there has been a breach of the OPGGS Act or its regulations.

If NOPSEMA verifies a breach has occurred, then it will seek to correct that breach by compliance advice and appropriate enforcement action.

For serious breaches, including where there was a death or serious injury, or demonstrated repeated non-compliance, NOPSEMA will conduct a detailed investigation with the objective of determining what has occurred and where appropriate hold the responsible parties to account; through a range of enforcement actions up to and including referring the matter to the Commonwealth Director of Public Prosecutions (CDPP) for criminal prosecution consideration. One of the key outcomes of any investigation conducted by NOPSEMA is to share lessons learnt with industry to educate and prevent re-occurrence of the same or similar circumstances.

Type of investigation	Number
Occupational health and safety	475
Structural and well integrity	71
Environmental management	23

## Enforcement

**In 2019–20, NOPSEMA took 22 enforcement actions and 7 non-statutory compliance actions.**

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

Enforcement actions available to NOPSEMA include issuing an improvement or prohibition notice, requesting a revision or withdrawing acceptance of a key permissioning document, issuing a direction or pursuing prosecution.

Enforcement action	Occupational health and safety	Structural (well) integrity	Environmental management
Prosecution	0	0	0
Withdrawal acceptance of permissioning document	0	0	0
Intent to withdraw acceptance of permissioning document	1	0	0
General direction	3	0	0
Prohibition notice	4	0	0
Request to revise permissioning document	0	0	1
Improvement notice	11	0	2
<b>TOTAL</b>	<b>20</b>	<b>0</b>	<b>9</b>

Non-statutory compliance action	Occupational health and safety	Structural and well integrity	Environmental management
Written advice/warning	1	0	6
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>6</b>



## Advice & promotion

NOPSEMA recognises that effective regulation greatly benefits from meaningful communication and engagement. As such, NOPSEMA proactively seeks to engage with its stakeholders to provide advice, and promote compliance and continuous improvement. As part of NOPSEMA's commitment to maintain open, accountable and robust relationships with stakeholders, NOPSEMA 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 overseas. In 2019-20 this included:

- Conducting 1057 stakeholder engagement activities with duty holders, state, federal and international government agencies; and other stakeholders on a range of safety, well integrity and environmental management matters.
- Presented at 18 engagements throughout 2019-20, with four of those being International Regulators Forum (IRF) or International Offshore Petroleum Environmental Regulators (IOPER) meetings.
- Engagement in multiple industry forums alongside the Australian Petroleum Production & Exploration Association (APPEA) for the discussion of learnings from COVID-19.
- Published new regulatory guidance including assistance in defining damage to safety-critical equipment (DSCE); Operational risk assessment and the role of health and safety representatives (HSRs).
- Strengthened stakeholder relations through engagement with environmental consultants and key industry figures via the Environmental Consultants Association (ECA).
- Invited feedback from the community affected by offshore energy activities through twice-yearly meetings of NOPSEMA's Community and Environment Reference Group (CERG).

## Legislative change

In October 2019 the OPGGS Amendment (Miscellaneous Amendments) Bill 2019 and the OPGGS (Regulatory Levies) Amendment Bill 2019 were passed by the parliament. Relevant to the functions and operations of NOPSEMA, the bills amended the OPGGS Act and OPGGS Amendment to:

- transfer regulatory responsibility for offshore greenhouse gas wells and greenhouse gas environmental management from the Commonwealth Resources Minister to NOPSEMA;
- strengthen and clarify the powers of NOPSEMA inspectors to monitor and enforce compliance by regulated entities with their obligations under the Act and associated regulations;
- make minor policy and technical amendments in relation to the operation of the Act; and remove references to specific titles of regulations.

On 12 May 2020 the OPGGS (Cross-Boundary Greenhouse Gas Titles) Bill passed the parliament.

Amendments to the OPGGS Act as a result of the bill relevant to NOPSEMA included:

- Allowing effective title administration and regulation of a GHG storage formation that straddles the boundary between State/NT coastal waters and Commonwealth waters;
- Strengthening and clarifying the monitoring, inspection and enforcement powers of NOPSEMA within State/Territory jurisdiction during an oil pollution emergency originating in Commonwealth waters; and
- Make minor policy and technical amendments to improve the operation of the OPGGS Act.

NOPSEMA is implementing changes to policies and procedures to give effect to the amended provisions.

# International collaboration

## International Offshore Petroleum Environment Regulators

The International Offshore Petroleum Environment Regulators (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 July 2019, NOPSEMA attended the Aquatic Noise Conference in Holland whereby one of the Marine Sound Working Group meetings was hosted. The working group met multiple times across 2019-20 and saw a progressive discussion focused on good practice assessment and management of the environmental impacts of marine sound; and established a work plan for the next financial year.

In October 2019, NOPSEMA attended the IOPER annual general meeting and seminar in Washington D.C to provide a jurisdictional update and exchange information about regulatory best practice.

## International Regulators Forum

The International Regulators Forum (IRF) is a forum comprised of 11 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.

NOPSEMA is co-chair of the management committee, along with Canada and Norway. NOPSEMA is a regular contributor to the IRF on initiatives that may help reduce offshore safety risks.

The 2020 IRF conference had been planned for October in Perth, Western Australia. However the COVID-19 pandemic and current global situation required the IRF conference to be rescheduled to October 2021. In the meantime, IRF members will continue to share information and best practices remotely, with a view to enhancing regulatory oversight and supporting industry measures to manage risks associated with the pandemic.

# Annual performance statements





# Annual performance statement

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 submitted to the agency's Ministerial Advisory Council for endorsement.

## Introductory statement

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 2019–20, as required under paragraph 39(1)(a) of the PGPA Act 2013 and the OPGGS Act, and the Regulator Performance Framework (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  
Chief Executive Officer

18 September 2020



## Entity purpose

To assure the protection of lives and the environment.

## Portfolio Budget Statements

These inform parliament of the resource allocation to government outcomes and programmes and are linked to an entity's planning and performance. NOPSEMA has a single outcome and programme as listed below:

### Outcome 1.1

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

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

## Results summary

NOPSEMA has met all of the targets for the 12 key performance indicators (KPIs) identified in its corporate plan for 2019-20.

These results support the fulfilment of NOPSEMA's purpose to assure the protection of lives and the environment.

## Snapshot of results

Key performance indicator (KPI) 2019-20 results snapshot		Results	RPF linkage
1	Assessments are undertaken in line with risk-based elements as per NOPSEMA policies	++	RPF KPIs 3 & 4
2	Risk-based inspections are conducted to meet policy targets	++	
3	Enforcement actions are undertaken in accordance with NOPSEMA policies	++	
4	Incidents are investigated in accordance with NOPSEMA policies	++	
5	Analyse and publish industry-wide performance data each quarter	++	RPF KPIs 2 & 5
6	Demonstrate that feedback is sought from stakeholders on guidance provided where relevant	++	
7	Reports are provided for all stakeholders, including relevant Ministers and the NOPSEMA Advisory Board each quarter	++	
8	Engagement is undertaken via the established cooperative mechanisms that are in place with identified relevant entities	++	
9	Internal audits and improvements are undertaken in line with the quality management system	++	RPF KPIs 1 & 6
10	Feedback and complaints are processed in compliance with NOPSEMA's Regulatory Service Charter	++	
11	Resourcing levels and skills are maintained within establishment requirements	++	
12	A cost-effectiveness review of operations is undertaken and presented to industry each year	++	

**Targets met ++**

**Targets substantially met +**

**Targets not met -**

## Data quality

NOPSEMA endeavours 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

Corporate Plan KPIs are regularly monitored, reported internally to executive management every 6 months, and reviewed each year as part of the corporate planning process. The KPI results are extracted from the regulatory management system database and the electronic document records management system that contains a range of data sources such as email transcripts, meetings minutes, reports and worksheets.

## Acronyms used in the KPI results

AAD	Australian Antarctic Division	IChemE	Institution of Chemical Engineers
AGCC	Australian Government Crisis Committee	IFAP	Industrial Foundation for Accident Prevention
AGM	Annual General Meeting	ICT	Information, Communications And Technology
AMSA	Australian Maritime Safety Authority	IOPER	International Offshore Petroleum Environmental Regulators
ANAO	Australian National Audit Office	IRF	International Regulators' Forum
APPEA	Australian Petroleum Production and Exploration Association	KPI	Key Performance Indicator
APSC	Australian Public Service Commission	MAC	Ministerial Advisory Council
CCC	Crisis Coordination Centre	MSR	Management System Representative
CEO	Chief Executive Officer	NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
CERG	Community and Environment Reference Group	NOPTA	National Offshore Petroleum Titles Administrator
COVID-19	Coronavirus disease 2019	OHS	Occupational Health and Safety
DIIS	Department of Industry, Innovation and Science	OPP	Offshore Project Proposal
DISER	Department of Industry, Science, Energy and Resources	PBS	Portfolio Budget Statements
DSMS	Diving Safety Management System	PGPA Act	Public Governance, Performance and Accountability Act
EM	Environmental Management	PL	Policy
EMM	Enforcement Management Model	QMS	Quality Management System
ENGO	Environmental Non-government Organisation	RPF	Regulator Performance Framework
EP	Environment Plan	SC	Safety Case
FLNG	Floating Liquefied Natural Gas	SPE	Society of Petroleum Engineers
FOI	Freedom of Information	Spillcon	International Oil Spill Conference (Asia Pacific)
FPSO	Floating Production, Storage and Offloading	UPR	Upstream Petroleum Resources
GCAC	Growth Centres Advisory Committee	WHS	Work Health Safety
HSR	Health and Safety Representative	WOMP	Well Operations Management Plan

## KPI Methodology, results and discussion

The overarching objective of the PGPA Act is to provide a framework of governance and accountability for the performance and use of public resources by government agencies.

NOPSEMA must report on actual results achieved against the performance measures published in our corporate plan and portfolio budget statements. This must be presented as an Annual Performance Statement in accordance with PGPA Act and PGPA Rule.

### KPI details

Corporate Plan KPIs are regularly monitored, reported internally to executive management every six months, and reviewed each year as part of the corporate planning process.

The KPI results are extracted from the regulatory management system database and the electronic document records management system that contains a range of data sources such as email transcripts, meetings minutes, reports and worksheets.

The specific methods for measuring each KPI are described in each table below along with a discussion of the current results. Previous year's results are also included for comparative purposes.

### Results

NOPSEMA is now using the following indicators to denote the level of success in meeting the performance measure targets:

Targets met	++
Targets substantially met	+
Targets not met	-



## Key Performance Indicator 1 - Assessment

Performance criterion	KPI 1 Assessments are undertaken in line with risk-based elements as per NOPSEMA policies					++
Criterion Sources	KPI cross-references PBS 1, RPF 3, RPF 4					
Financial Year	2015–16	2016–17	2017–18	2018-19	2019-20	
Target = 92%	100%	100%	100%	100%	100%	
Methodology						
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.						
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.						
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 submission is fit-for-purpose. The scope and assessment brief of a submission may be reset at any time with management approval in response to changing circumstances and/or new information.						
Results						
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.						
The following are the key permissioning documents included in the results for this KPI which have legislated timeframes and required an assessment brief:						
Key permissioning document type	Acronym	2015-16	2016-17	2017-18	2018-19	2019-20
Environment plans	EP	37	38	37	37	45
Offshore project proposals	OPP		1	1	3	5
Safety cases	SC	87	90	92	87	69
Well operations management plans <sup>[1]</sup>	WOMP	27	49	36	22	28
Diving Safety Management Systems <sup>[2]</sup>	DSMS	5	7	9	5	5
Total		152	183	173	158	152
During 2019–20, NOPSEMA received 152 submissions of the document types listed above and commenced assessment. Of these, 4 were stopped/cancelled, and the remaining 148 (100%) had risk-based assessment scopes (in the case of WOMPs and DSMSs, full assessments scopes) and briefs reviewed and approved by management.						
Of the 5 OPPs, 3 were submitted for suitability for publication assessments and 2 were submitted after a public comment period for assessment of acceptability. For one project, OPP documents were submitted for both stages of assessment during the reporting period (i.e. accounting for 2 of the 5 OPPs).						
NOPSEMA continued to publish assessment data in a number of formats, e.g. number submitted, % notified in time, number rejected etc. as both quarterly and annual datasets. All relevant assessments and submissions data is available on the NOPSEMA website in the <i>News &amp; publications</i> section.						
The target of 92% has been met for the last five years.						

<sup>[1]</sup> 2 Assessment briefs are not required for the assessment of WOMPs and DSMSs as these are assessed in their entirety.

## Key Performance Indicator 2 - Inspections

Performance criterion	<b>KPI 2 Risk-based inspections are conducted to meet policy targets</b>					<b>++</b>
Criterion Sources	KPI cross-references PBS 2, RPF 3, RPF 4					
Financial Year	2015–16	2016–17	2017–18	2018-19	2019-20	
Target = 90%	95%	97%	99%	100%	100%	
<b>Methodology</b>						
NOPSEMA's regulatory divisions plan inspections at the start of the year and adjust those plans accordingly as offshore activity varies and risks emerge. These planned inspection targets are determined using a risk-based model.						
Inspections are used to monitor duty holder compliance with the legislation, including ongoing implementation and compliance with accepted permissioning documents, e.g. Diving Safety Management Plans (DSMP), Environment Plans (EP), Safety Cases and Well Operations Management Plans (WOMP).						
In addition to planned routine risk-based inspections and focus area/special topics inspections e.g. COVID-19 related inspections, other risk-based inspection types are also undertaken:						
<ul style="list-style-type: none"> <li>• Vessel inspections - on an opportunistic basis dependent on their activities and presence in the regime.</li> <li>• Short notice inspections - in relation to incidents (incident investigations) and potential breaches of compliance, with little to no notice.</li> </ul>						
NOPSEMA's inspection policies are published on its website. A record of all inspections is entered into the Regulatory Management System database.						
<b>Results</b>						
A total of 218 inspections were undertaken during 2019-20. Of these, 183 were planned routine and special topic risk-based inspections and 35 were other inspections (sole incident investigation inspections and vessel inspections).						
100% of the planned inspections were completed (target = 90% for this KPI <sup>[1]</sup> ).						
For the year, NOPSEMA's inspection activity has increased by 43 (25%).						
<ul style="list-style-type: none"> <li>• 60 inspections were COVID-19 related</li> <li>• the increased inspection frequency on FLNG facilities and FPSOs in 2018-19 was sustained for 2019-20</li> </ul>						
The total number of inspection types for the last two years is shown below:						
Inspection type	2015-16	2016-17	2017-18	2018-19	2019-20	
<b>Planned inspections</b>						
EM inspections	54	39	57	41	51	
OHS inspections	100	81	100	91	112	
WI inspections	9	5	10	8	20	
Other inspections	2	2	11	35	35	
TOTAL	165	127	178	175 <sup>[2]</sup>	218	
The target of 90% has been met for the last five years.						

<sup>[1]</sup> Includes COVID-19 related inspections, but not vessel and incident investigation inspections as they are not included in the target number.

<sup>[2]</sup> The number of inspections has been adjusted down from 176, as one inspection was re-scheduled.

## Key Performance Indicator 3 - Enforcement actions

Performance criterion	<b>KPI 3 Enforcement actions are undertaken in accordance with NOPSEMA policies</b>					<b>++</b>
Criterion Sources	KPI cross-references PBS 3, RPF 3, RPF4					
Financial Year	2015–16	2016–17	2017–18	2018-19	2019-20	
Target = 100%	100%	100%	100%	100%	100%	
<b>Methodology</b>						
<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, well integrity or the environment.</p> <p>NOPSEMA is guided by NOPSEMA policy when taking appropriate enforcement action(s) to obtain a responsible party's compliance with the legislation. For example, an improvement notice is issued if, in the opinion of the NOPSEMA inspector, there is a breach of the relevant legislation. A prohibition notice is issued if, in the opinion of the NOPSEMA inspector, it is warranted to address an immediate threat to health or safety, well integrity or the environment.</p> <p>In all enforcement actions, the ultimate intent is to ensure return to compliance to protect our people and the environment, and where warranted take punitive action to deter repeat offenders and encourage compliance by other duty holders. Where enforcement is necessary to achieve compliance, NOPSEMA uses its powers in a transparent, efficient and consistent manner and according to the principles of procedural fairness. Enforcement management tools such as the enforcement management model (EMM) are an intrinsic element of the decision-making process.</p>						
<b>Results</b>						
<p>The appropriate type and level of enforcement action pursued during the reporting period was initially recommended by NOPSEMA inspectors using the enforcement management policy and process tools, and subsequently reviewed and endorsed by managers and the Compliance Committee. In addition, as part of the broader enforcement framework, proposed enforcement actions are often subjected to peer, team and/or additional management review.</p> <p>The results of all reviews of proposed enforcement actions were saved in NOPSEMA's electronic records management system. NOPSEMA ensures the approved enforcement action types are entered into RMS and align with the management process outcomes and decisions where applicable. The number and types of enforcement actions issued each year were:</p>						
<b>Enforcement actions<sup>[1]</sup></b>	2015-16	2016-17	2017-18	2018-19	2019-20	
Improvement notices	15	23	8	16	13	
Request for revised SC, EP or WOMP <sup>[2]</sup>	2	4	6	4	1	
Intent to withdraw SC, EP or WOMP	-	1	-	-	1	
Prohibition notices	4	2	1	1	4	
Directions	1	1	4	7	3	
Prosecution briefs	-	1		1		
<b>Non-statutory compliance actions</b>						
Written advice / warnings	2	10	9	5	7	
<b>Total</b>	24	42	28	34	29	
<p>The non-statutory enforcement actions (written advice / warnings) were for various issues, examples include: EPs for abandoned or suspended wells, poor stakeholder consultation practices, evacuation routes etc. The target of 100% has been met for the last five years.</p>						

<sup>[1]</sup> Excludes verbal warnings/advice, investigation notices and do not disturb notices | <sup>[2]</sup> For WOMPS – this is a notice requiring variation to a well operations management plan

## Key Performance Indicator 4 - Investigations

Performance criterion	<b>KPI 4 Incidents are investigated in accordance with NOPSEMA policies ++</b>				
Criterion Sources	KPI cross-references PBS 4, RPF 3, RPF 4				
Financial Year	2015–16 <sup>[1]</sup>	2016–17	2017–18	2018-19	2019-20
Target = 95%	99%	100%	99%	98%	98%
<b>Methodology</b>					
NOPSEMA conducts investigations where it has gathered information through any of its own activities, or by other means that justifies the seeking of evidence of non-compliance with the law as a basis for enforcement. NOPSEMA may investigate individual, or series of, incidents or circumstances. NOPSEMA has an established independent investigation team made up of skilled and experienced investigators and technical specialists which support the organisation to conduct regulatory investigations. These inspectors either work independently or with other regulatory divisions to conduct investigations.					
NOPSEMA investigates all notification received to varying degrees. An investigation may range from an investigation by a single inspector in the context of a minor incident or complaint to a large investigation involving a team of inspectors. In conducting an investigation, NOPSEMA inspectors will seek to gather and establish the facts of the incident; identify immediate and underlying causes and the learnings to be shared; determine whether action has been taken or needs to be taken to prevent recurrence; detect breaches of legislation and establish whether to take further action, including formal enforcement. The NOPSEMA Compliance Committee maintains oversight of investigations to ensure consistency in line with its strategic approach to enforcement. NOPSEMA typically undertakes either an offshore investigation, an investigation at a regulated business premises, or a combination of both.					
<b>Results</b>					
In 2019-20, NOPSEMA received 569 notifications. Of these:					
<ul style="list-style-type: none"> <li>477 were reportable incidents (breakdown as per the table below)</li> <li>19 were complaints</li> <li>73 were notifications of events that were categorised as not reportable under the legislation.</li> </ul>					
Incident type	2015-16	2016-17	2017-18	2018-19	2019-20
OHS Incidents	354	260	382	387	397
WI incidents	13	27	42	72	69
EM Incidents	9	10	14	14	11
Total	376	297	438	473	477
All notifications were subject to review and investigation. Significant issues were investigated immediately while more minor issues were pursued as part of planned inspection scopes, as appropriate.					
2% (8) of the reportable incidents are currently awaiting investigation decisions.					
The 2019-20 investigations addressed either an individual incident or a series of related incidents, and some resulted in enforcement actions.					
The 19 complaint notifications relating to offshore instances were also investigated (as OHS, WI or EM related complaints) following the process above.					
The target of 95% has been met for the last five years.					

<sup>[1]</sup> Previous years' results may be subject to slight adjustments following incident reviews and re-categorisations.









## Key Performance Indicator 8 - Stakeholder engagement

Performance criterion	KPI 8	Engagement is undertaken via the established cooperative mechanisms that are in place with identified relevant entities				++
Criterion Sources	KPI cross-references RPF 2, RPF 5					
Financial Year	2015–16	2016–17	2017–18	2018-19	2019-20	
Target = 100%	100%	100%	100%	100%	100%	
Methodology						
<p>NOPSEMA engages with a wide range of stakeholders including: duty holders, contractors, consultants, service providers, government representatives (international, federal, state and local), other regulators, academia, the offshore workforce, HSRs, industry peak bodies, unions, non-government organisations and the community.</p> <p>NOPSEMA has established cooperative mechanisms in place to interact with relevant stakeholders and records of all interactions are maintained. A stakeholder engagement register is maintained that contains information about NOPSEMA's advice and promotional activities with external stakeholders. The interactions include in-person and/or written exchanges of information such as working groups, forums, meetings, teleconferences, reports, updates, subscription services, web portals and other email and telephone exchanges. Two particular examples of note are:</p> <ul style="list-style-type: none"><li>Community and Environment Reference Group (CERG) for engagement between NOPSEMA and community stakeholders.</li><li>website consultation hub for public participation on many matters e.g. proposed guidelines, environment plans etc.</li></ul> <p>NOPSEMA continues to implement their stakeholder engagement and transparency plans to improve community confidence in the offshore petroleum regime through the disclosure of more information, focused regulatory effort on areas of poor consultation practice, increased frequency of community input to better understand their views (e.g. CERG) and increased transparency of the regulator's decision-making processes.</p> <p>NOPSEMA is a member of the International Regulators' Forum (IRF) and the International Offshore Petroleum Environmental Regulators (IOPER) groups to provide international leadership and drive improvements in safety-related and environmental management regulatory matters.</p>						
Results						
<p>NOPSEMA reports information about stakeholder engagement in the National Quarterly Performance Report (to Ministers and the Board), <i>The Regulator</i> magazine (all stakeholders), and publishes presentations on its website.</p> <p>Recurring engagements occur with many stakeholders, some examples in 2019-20 include:</p>						
Stakeholder	No.	Types				
DISER	39	Quarterly heads of agency meetings and legislative change meetings				
State agencies	27	Regular meetings, liaison meetings, information exchanges, presentations etc.				
NOPTA	9	Quarterly meetings, decommissioning matters , pipeline licenses				
APPEA	67	Regular meetings, Board presentations and meetings for special topics e.g. seismic				
<p>The table below shows the total number of engagements per year. The 1057 stakeholder engagement activities in 2019–20 is a 17% increase from 2018-19, and equivalent to more than 20 per week. Over half of these (636) were with duty holders, and almost 20% were with government agencies / depts.</p>						
Year	2015-16	2016-17	2017-18	2018-19	2019-20	
No. of engagements	801	689	820	901[1]	1057	
<p>NOPSEMA presented at 18 engagements e.g. meetings, briefings, workshops, seminar and conferences. Relevant presentations (3) were published on the website in the <i>News &amp; publications</i> section: <a href="https://www.nopsema.gov.au/news-and-publications/presentations/">https://www.nopsema.gov.au/news-and-publications/presentations/</a></p> <p>NOPSEMA participated in the international IRF/IOPER meetings in Jul, Sep and Oct 2019, incl. OSWG[2] and MSWG[3] and submitted an annual article to the IRF on the topic of <i>Opportunities to reduce the risk of loss of well control events</i>, published online at <a href="https://irfoffshoresafety.com/monthly-articles/">https://irfoffshoresafety.com/monthly-articles/</a>. The target of 100% has been met for the last five years.</p>						

<sup>[1]</sup> Data has been updated from 880 to 901 due to late data entries. | <sup>[2]</sup> Oil Spill Working Group | <sup>[3]</sup> Marine Sound Working Group





## Key Performance Indicator 10 - Feedback

Performance criterion **KPI 10 Feedback and complaints are processed in compliance with NOPSEMA's Regulatory Service Charter ++**

Criterion Sources	KPI cross-references RPF 1, RPF 6				
Financial Year	2015–16	2016–17	2017–18	2018-19	2019-20
Target = 100%	95% <sup>[1]</sup>	75% <sup>[2]</sup>	100%	100%	100%

## Methodology

NOPSEMA's regulatory services charter is published on NOPSEMA's website.

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). This KPI considers feedback, requests for review and complaints provided to NOPSEMA about the agency's regulatory processes or staff.

NOPSEMA receives feedback (both positive and negative), requests for review and complaints about the agency's service and discharging our responsibilities through various channels but also offers a dedicated mailbox: [feedback@nopsema.gov.au](mailto:feedback@nopsema.gov.au).

NOPSEMA maintains a register that includes references to relevant documents and completion/finalisation dates to ensure the agency acknowledges all feedback, requests for review and complaints received and responds to the complaints in a timely manner. The target is to acknowledge all feedback, requests for review and complaints within three working days.

Note: 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, as such are not included in this KPI.

## Results

The table below shows the relevant submissions received via the dedicated mailbox each year.

	2015–16	2016–17	2017–18	2018-19	2019-20
Feedback	20	-	3	-	1
Complaints	-	7	1	1	1
Request for review	1	1		-	1
Total	21	8	4	1	3

In 2019-20, NOPSEMA received 1 complaint, 1 feedback suggestion and 1 request for review, and all were acknowledged within the specified 3-day target.

NOPSEMA is always open to receiving feedback from its stakeholders and uses a variety of other tools and mechanisms to do so, e.g.

- Requesting workshop participants to fill out feedback forms.
- Using interactive online tools at NOPSEMA workshops/forums.
- Providing stakeholders with opportunities to give feedback during face-to-face meetings and briefings
- Providing guidance on our website for methods of contacting us to provide feedback, request a review or submit a complaint.

All submissions are processed, reviewed, analysed and actioned accordingly.

The target of 100% has been met for the last 3 years.

<sup>[1][2]</sup> Data for 2015-16 and 2016-17 was updated.

## Key Performance Indicator 11 - Human Resources

Performance criterion	KPI 11 Resourcing levels and skills are maintained within establishment requirements					++
Criterion Sources	KPI cross-references RPF 1, RPF 6					
Financial Year	2015–16	2016–17	2017–18	2018-19	2019-20	
Target = 90%	100%	100%	100%	100%	100%	
Methodology						
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.						
NOPSEMA has built a critical mass of regulatory specialists with the necessary skill sets and expertise.						
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.						
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.						
Results						
NOPSEMA continued to action the human resources strategy and implementation plan for 2018 – 2022. The HR Strategy 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.						
NOPSEMA recruited staff for critical positions indicative of industry activity.						
During 2019-20, the positions status was:						
Total established <sup>[1]</sup> positions					125	
Filled positions					125	
Average staffing level (ASL)					120.9	
As at 30 June 2020, 100% of the established positions were filled, comprising ongoing, non-ongoing, seconded and temporary staff.						
Skill levels were maintained with all staff completing the required training and having met performance management expectations.						
The target of 90% has been met for the last five years.						

<sup>[1]</sup> Establishment is defined as the total full-time equivalent number of positions in NOPSEMA at a point in time (with or without approved funding for the current year)



## 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 to NOPSEMA's purpose that impacted performance
	Activities	<p>NOPSEMA continues to have increased regulatory activities in response to:</p> <ul style="list-style-type: none"> <li>the operational stages of new large-scale and complex offshore facilities and activities (e.g. FLNG).</li> <li>increasing decommission and late life assets including in October 2020 in response to Ministers statement of expectations to take on regulation oversight of s572 maintenance and removal of property.</li> </ul>
	Organisational capabilities	<p>In response to the coronavirus pandemic, NOPSEMA directed staff to work remotely from 19 March 2020. The majority of staff returned to the office in Western Australia as of 22 July 2020, however the Melbourne office continues to operate remotely.</p> <ul style="list-style-type: none"> <li>Assessment and approvals processes continued without impact.</li> <li>Compliance monitoring through this period was conducted using telecommunication channels while appropriate health controls were established to protect inspectors and the offshore workforce.</li> <li>Engaged additional specialist expertise to assist in consideration of greenhouse gas emissions and climate change associated with an increase in assessment of new offshore project proposals.</li> </ul>
(b)	Operating environment	<p>Prior to March 2020 no considerable impacts were noted for industry activity, numbers remained relatively stable for the following:</p> <ul style="list-style-type: none"> <li>active operators and facilities</li> <li>total hours worked offshore</li> <li>incidents reported</li> <li>drop in oil price</li> </ul> <p>The coronavirus pandemic impacted the offshore energy industry and NOPSEMA (between March and June 2020) in the following ways:</p> <ul style="list-style-type: none"> <li>NOPSEMA developed a COVID-19 Pandemic Compliance Strategy to guide effective regulation of the offshore industry during the pandemic and the Taskforce has been focused on the consistent and appropriate implementation of this policy.</li> <li>NOPSEMA established a COVID-19 Taskforce to coordinate its regulatory response to the Pandemic.</li> <li>The Industry took immediate steps to protect the health of the workforce in relation to COVID-19 and ensure operations could continue.</li> <li>NOPSEMA and the industry is continuing to monitor and adjust arrangements as the situation evolves.</li> <li>There was a slight increase in incident notifications from industry between April and June 2020.</li> <li>There was a greater than 30% decrease in monthly hours reported by industry in April and May, and up to a 50% decrease for June 2020.</li> </ul>

# Portfolio Budget Statements (PBS) performance

NOPSEMA has a single programme, and the performance results are as listed below:

## Programme 1.1

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

The four core regulatory activity-based KPIs (1, 2, 3 and 4) 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 programme.

Key Performance Indicator	Results discussion	2015-16	2016-17	2017-18	2018-19	2019-20
1. 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.	++	++	++	++	++
2. Risk-based inspections are conducted to meet policy targets	NOPSEMA effectively monitored industry via planned inspections based on risk-based models.	++	++	++	++	++
3. Enforcement actions are undertaken in accordance with NOPSEMA policies	Effective enforcement activity was maintained through adherence to the enforcement management model, which is subject to audit, management oversight and peer review.	++	++	++	++	++
4. 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.	++	++	++	++	++



## 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 [docs.employment.gov.au](https://docs.employment.gov.au)

### 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 Ministerial Advisory Council (external stakeholders). For NOPSEMA this is the Growth Centres Advisory Committee (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 KPIs 1 through 12. Additional and notable points specific to the RPF, including identified focus areas for each KPI, are discussed in the following RPF KPI tables.

### Performance statement

NOPSEMA met or substantially met all six RPF KPIs in 2019-20. 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.

### Feedback from the GCAC on NOPSEMA's 2018-19 RPF Self-Assessment Report

The GCAC deemed that NOPSEMA's last self-assessment was comprehensive and considered all of our regulatory functions and our interactions with stakeholders, and that the link between evidence and performance measures is documented with our performance KPIs adequately covering the scope of regulatory activities.

Three areas for improvement were suggested:

Recommendation	NOPSEMA response/actions
1. Provide a more consistent style of inspection	<p>NOPSEMA undertook an Inspection Core Process Management Review in late 2019 that identified specific improvement opportunities in this area.</p> <p>As a result a single NOPSEMA-wide inspection policy and standard operating procedure is under development and implementation during 2020-21.</p>
2. Define environmental improvement pathways	<p>NOPSEMA strives to continually improve and influence good industry environmental management practices and have identified the following areas in particular:</p> <p><u>Focus area with specific objective and task examples</u></p> <p><i>Stakeholder engagement</i></p> <ul style="list-style-type: none"> <li>• continue with Community and Environment Reference Group</li> <li>• facilitate the Better Practice Forum with APPEA</li> </ul> <p><i>Legislation</i></p> <ul style="list-style-type: none"> <li>• support the 10-year review of environment regulations</li> <li>• review and update the regulatory guidance framework</li> </ul> <p><i>Transparency</i></p> <ul style="list-style-type: none"> <li>• publication of Environmental Performance Reports</li> </ul> <p><i>Industry performance</i></p> <ul style="list-style-type: none"> <li>• provide input into APPEA DISC Source Control Working Group</li> </ul> <p><i>Standards</i></p> <ul style="list-style-type: none"> <li>• ensure acceptable levels of impact are defined</li> <li>• consultation guidance-working with APPEA to set standard</li> </ul>
3. Identify emerging technical innovations	<p>NOPSEMA continues with this priority task in 2020-21 to further evaluate options and appropriateness of new productive and/or complementary tools. These include well barrier monitoring software and remote inspection technologies that may potentially provide contingencies during the COVID-19 pandemic.</p> <p>These could assist with compliance and may offer some benefits including increased monitoring, increased inspection efficiency, reduced burden on offshore duty holders and accessibility to digital well barrier information.</p>

## Conclusion

The GCAC concluded:

“NOPSEMA is an effective regulator, independently and professionally regulating offshore safety, integrity and environmental management of petroleum and greenhouse gas storage industries in Commonwealth waters.

The regulated entities support NOPSEMA in its role of regulatory oversight of safety cases, well operations management plans and environment plans.”

# RPF methodology, results and discussion

## Methodology

The 6 RPF measures comprise 4 KPIs each from the corporate plan as noted in each results table below.

The specific methodologies for each corporate plan KPI are already detailed in the KPI results tables above and as such are not repeated here.

## RPF KPI 1 - Reducing regulatory burden

### RPF 1      Regulators do not unnecessarily impede the efficient operation of regulated entities

The RPF KPI results for each year are reported as the average percentage of the relevant corporate plan KPIs.	2015–16	2016–17	2017–18	2018-19	2019-20
	99%	94%	100%	100%	100%
	Targets substantially met	Targets substantially met	All targets met	All targets met	All targets met

### Focus areas include auditing and evaluation, effective complaint handling, resourcing, cost effectiveness

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 regulated entities and other stakeholders, identifying and understanding emerging issues, responding to complaints and feedback, and ensuring NOPSEMA has the resources to undertake regulatory activities in an efficient, cost-effective and timely manner.

Examples include:

- 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
- current and emerging risks were identified in the annual environment scan.
- continued control, review and audit of regulatory processes
- continued identification of improvements to regulatory processes
- continued illustration of operational performance through regular publication of various performance metrics and reports on the website
- continued maintenance and improvement of ongoing professional development of staff
- continued allocation of resources proportionate to identified risks
- continued maintenance of NOPSEMA's cost-effectiveness.

This RPF KPI has been met for the last 3 years.

Corporate plan KPIs relevant to this performance measure: KPIs 9, 10, 11 and 12

## RPF KPI 2 - Targeted and effective communication

### RPF 2 Communication with regulated entities is clear, targeted and effective

The RPF KPI results for each year are reported as the average percentage of the relevant corporate plan KPIs.	2015–16	2016–17	2017–18	2018-19	2019-20
	100%	100%	100%	100%	100%
	All targets met	All targets met	All targets met	All targets met	All targets met

### Focus areas include publishing information and results, guidance, consultation and feedback.

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.

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 update and publish guidance material for duty holders e.g. new environmental regulations regarding transparency
- published information and data about decisions and timeframe
- 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 stakeholders
- processed feedback and complaints about NOPSEMA in a timely manner.

This RPF KPI has been met for the last 5 years.

Corporate plan KPIs relevant to this performance measure: KPIs 5, 6, 7 and 8

## RPF KPI 3 - Risk-based and proportionate approaches

### RPF 3      Actions undertaken by regulators are proportionate to the regulatory risk being managed

The RPF KPI results for each year are reported as the average percentage of the relevant corporate plan KPIs.	2015–16	2016–17	2017–18	2018-19	2019-20
	99%	99%	100%	100%	100%
	All targets met <sup>[1]</sup>	All targets met	All targets met	All targets met	All targets met

#### Focus areas include risk-based and proportionate regulatory actions

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
- compliance and enforcement policies published on the NOPSEMA website
- risk-based assessments and inspections
- 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 of staff in risk management policies, processes and procedures
- graduated enforcement actions consistent with legislation included in NOPSEMA's enforcement policy
- continued implementation of NOPSEMA's compliance strategy, including oversight of regulatory compliance risk and enforcement decisions, by NOPSEMA's internal compliance committee
- identification of current and emerging risks in the annual environment scan.

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

This RPF KPI has been met for the last 5 years.

Corporate plan KPIs relevant to this performance measure: KPIs 1, 2, 3 and 4

<sup>[1]</sup> Note the targets for corporate plan KPIs 1, 2, 3 and 4 are 92%, 90%, 100% and 95% respectively



## RPF KPI 4 - Streamlined and co-ordinated approaches

### RPF 4 Compliance and monitoring approaches are streamlined and coordinated

The RPF KPI results for each year are reported as the average percentage of the relevant corporate plan KPIs.	2015–16	2016–17	2017–18	2018-19	2019-20
	99%	99%	100%	100%	100%
	All targets <sup>[1]</sup> met	All targets met	All targets met	All targets met	All targets met

### Focus areas include reducing regulatory burden and working collaboratively

NOPSEMA's compliance strategy outlines approaches and principles relevant to the agency's compliance and monitoring activities (see RPF 3). In addition, examples of streamlining and coordination approaches in 2019–20 include:

- compliance activities were based on risk and considered the operational requirements of duty holders
- assessments and inspections were targeted and completed promptly
- requests for further information from duty holders were specific and necessary, and minimised impact.
- continued assurance through annual planning processes that regulatory activity is coordinated and efficient, in consideration of reducing regulatory burden
- the continuation 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
- NOPSEMA's internal compliance committee continued to implement the organisation's compliance strategy, including overseeing regulatory compliance risk and enforcement decisions.

This RPF KPI has been met for the last 5 years.

Corporate plan KPIs relevant to this performance measure: KPIs 1, 2, 3 and 4

<sup>[1]</sup> Note the targets for corporate plan KPIs 1, 2, 3 and 4 are 92%, 90%, 100% and 95% respectively

## RPF KPI 5 - Openness and Transparency

### RPF 5 Regulators are open and transparent in their dealings with regulated entities

The RPF KPI results for each year are reported as the average percentage of the relevant corporate plan KPIs.	2015–16	2016–17	2017–18	2018-19	2019-20
	100%	100%	100%	100%	100%
	All targets met	All targets met	All targets met	All targets met	All targets met

#### Focus areas include reporting and publishing information, transparency, stakeholder presentations and feedback.

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:

- regulatory policies published on the NOPSEMA website
- 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
- published stakeholder engagement data
- promptly responded to stakeholder feedback, complaints and requests for information
- published an independent financial audit result and cost effectiveness report annually
- regularly published performance measurement results on the website.

This RPF KPI has been met for the last 5 years.

Corporate plan KPIs relevant to this performance measure: KPIs 5, 6, 7 and 8

## RPF KPI 6 - Continuous improvement

### RPF 6 Regulators actively contribute to the continuous improvement of regulatory frameworks

The RPF KPI results for each year are reported as the average percentage of the relevant corporate plan KPIs.	2015–16	2016–17	2017–18	2018-19	2019-20
	99%	94%	100%	100%	100%
	Targets substantially met	Targets substantially met	All targets met	All targets met	All targets met

**Focus areas include process improvements, feedback, capabilities, strategic planning and cost-effectiveness.**

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 2019–20 include:

- a published bulletin to clarify the application and interpretation of oil spill modelling
- continued to published datasets and reports regarding both NOPSEMA and industry performance to identify opportunities for improvement and share better practices
- 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 information reports to the Board
- member of the AMSA Industry Advisory Board
- continued ongoing collaboration with DIIS/DISER 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
- active participation in international regulatory groups and forums
- feedback and complaints about NOPSEMA received (via the dedicated mailbox) were considered and actioned accordingly
- the recommendations from last year's GCAC report (November 2019) regarding consistent inspections, environmental improvement pathways and emerging technology are all in progress
- continue providing advice to our policy department to improve the efficiency and effectiveness and reduce compliance costs of the regulatory framework
- continued streamlining processes under the offshore petroleum regime, maintaining collaborations with NOPTA on decommissioning matters associated with offshore oil and gas activities.

This RPF KPI has been met for the last 3 years.

Corporate plan KPIs relevant to this performance measure: KPIs 9, 10, 11 and 12



# Financial summary



# Financial summary

## Financial summary

In 2019-20, NOPSEMA recorded a surplus of \$429,000.

The forecast for the reporting period indicated NOSPEMA would be in deficit by more than \$3 million. The actual result shows income from levies was \$1.03 million higher than was forecast, impacted by a few major submissions to five-year environment plan revisions.

Expenditure, specific to employee expenses, was lower than forecast.

In relation to expenditure, 77% of NOPSEMA's total expenses comprise employee costs, including associated recruitment and training. NOPSEMA is carefully managing staffing levels to ensure it continues to effectively perform its regulatory functions.

NOPSEMA is forecasting a budget deficit for 2020-21 as a result of increased costs required to fulfil regulatory functions against a static cost recovery rate. This strategy is in accordance with the Australian Government Cost Recovery Guidelines requiring entities to manage any cumulative surplus.

Notwithstanding the increase in employee costs, NOPSEMA remains financially viable with sufficient cash balances to meet future commitments.

## Operating result

An operating surplus of \$429,000 was recorded for 2019-20, compared to a \$1.43 million deficit recorded in 2018-19.

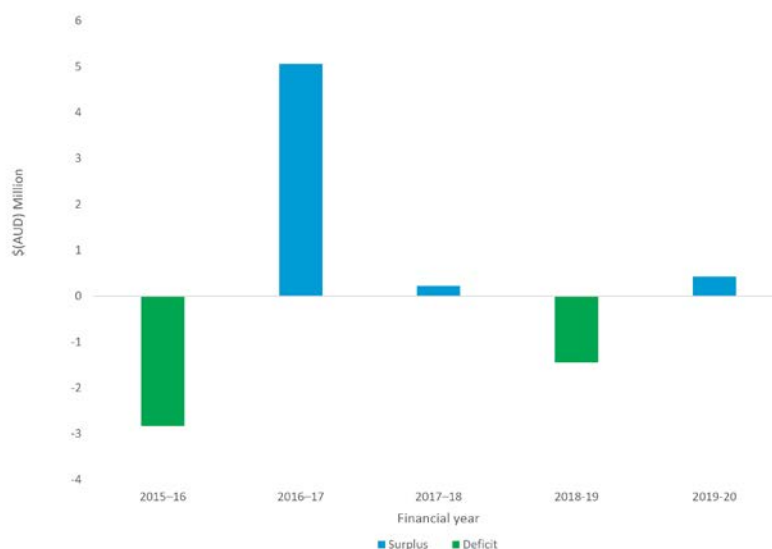


Figure 3: Operating result graph



## Revenue

A total revenue of \$36.51 million was recorded for 2019-20. Compared to a total revenue of \$33.11 million recorded in 2018-19, this reflects an increase of \$3.4 million.

As of 30 June 2020, NOPSEMA had \$5.95 million in deferred environmental management revenue, compared to \$0.4 million in 2018-19. 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.

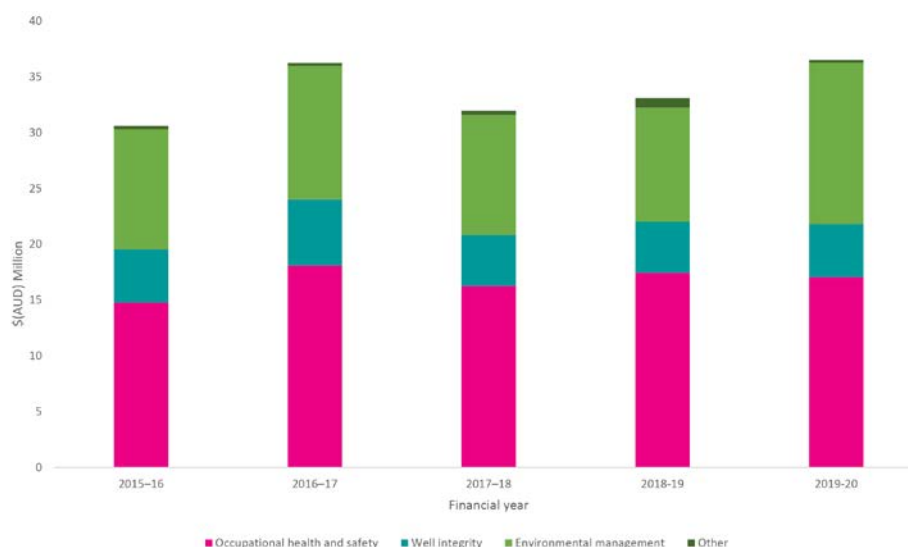


Figure 4: Revenue graph

## Expenditure

Total expenditure for 2019-20 was \$36.08 million, compared to a total expenditure of \$34.54 million recorded in 2018-19, this reflects an increase of \$1.54 million. However, total expenditure was lower than the budgeted expenditure for 2019-20 due to reduced employee expenses, travel and office expenditure.

Total expenditure comprises 77% employee expenses, 13% supplier costs and 10% depreciation and amortisation. Compared to the expenditure breakdown of 76%, 22% and 2% for 2018-19, this reflects a stable cost structure between financial years.

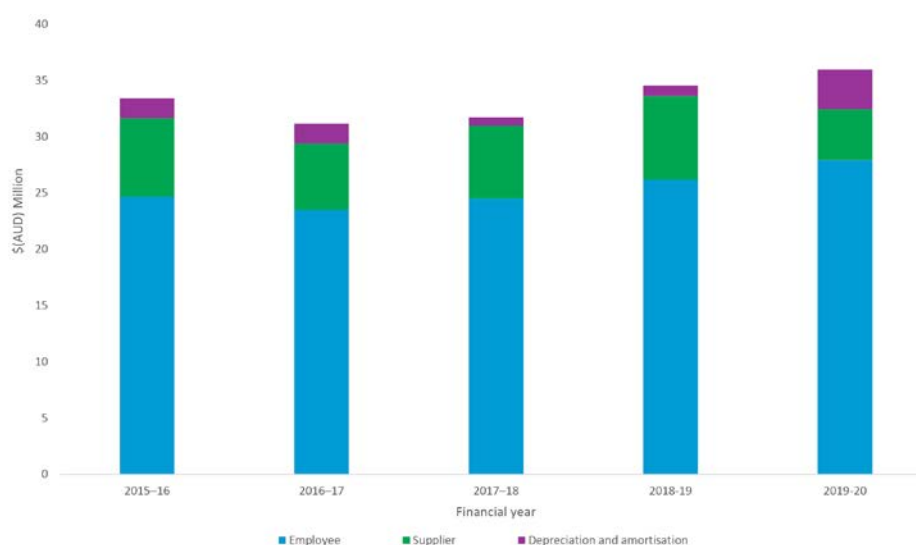


Figure 5: Expenditure graph

## Assets

In 2019-20, NOPSEMA undertook asset management in accordance with the Commonwealth resource management framework, the PGPA Act and the requirements of the accountable authority instructions and authorisations. 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 \$9.2 million. This includes \$6.5 million for the organisation's offices in Perth and Melbourne, \$0.2 million for property, plant and computer equipment. NOPSEMA's Regulatory Management System (RMS) software is an intangible asset valued at \$1.6 million. Development of the RMS software continued in 2019-20 which increased the value of NOPSEMA's intangible assets increased by \$0.77 million compared to the previous year. Changes to lease reporting under AASB 16, required NOPSEMA to recognise a right-of-use asset in relation to its Perth and Melbourne offices.

As at 30 June 2020, NOPSEMA's cash-on-hand was \$14.3 million. Compared to the \$13.1 million cash-on-hand recorded in 2018-19, this reflects an increase of \$1.2 million.

## Consulting

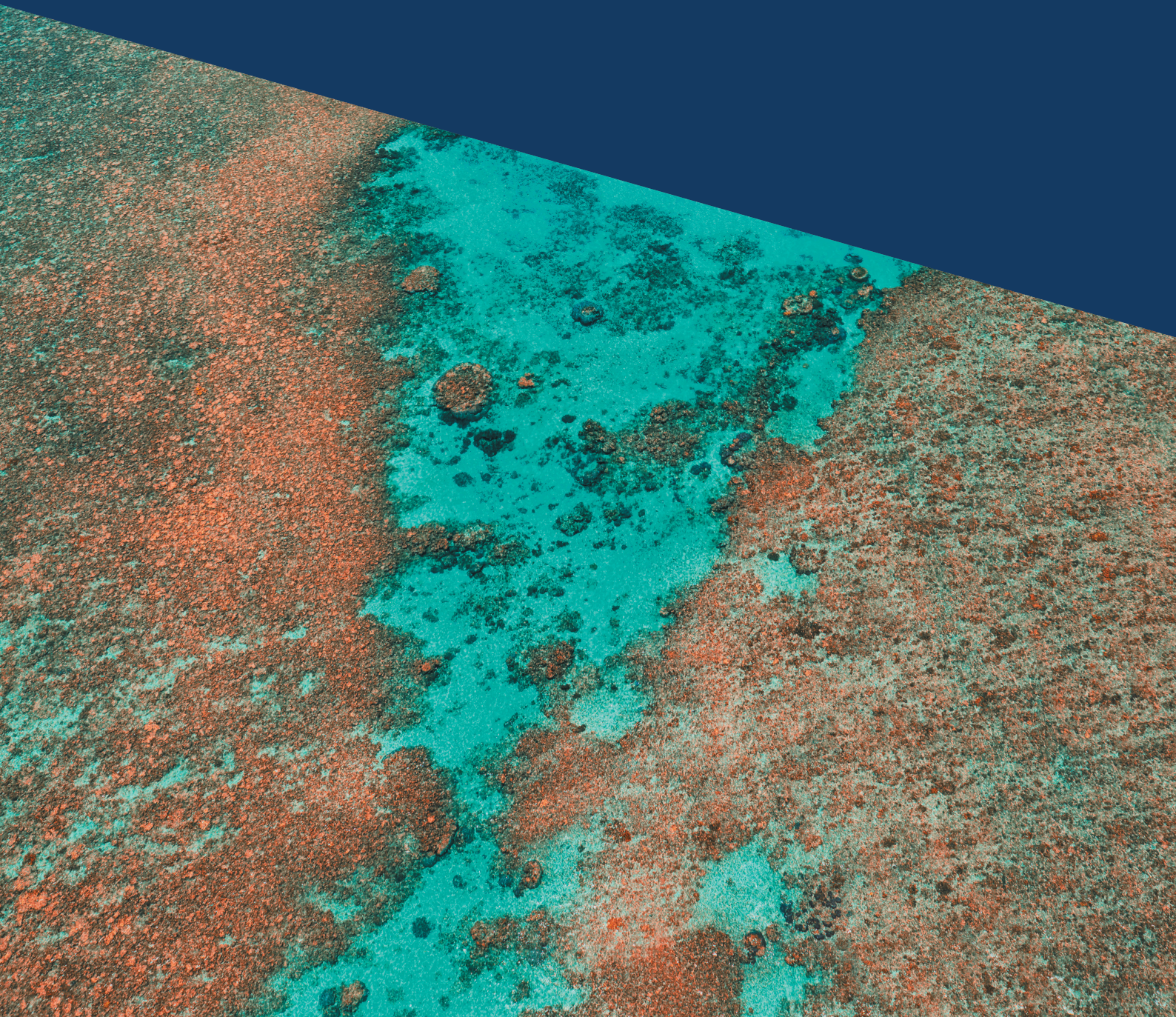
NOPSEMA engages consultants where it requires supplementary specialist expertise or where independent research, review or assessment are required. Consultants are typically engaged to investigate or diagnose a defined issue or problem, carry out defined reviews or evaluations, or provide independent advice, information or creative solutions to assist in the organisation's activities or 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 2019-20 NOPSEMA spent \$591,185 on consultancy contracts. This consisted of engagements for regulatory activities (\$160,405), human resources (\$78,687), information technology (\$112,295) and corporate advice (\$239,799).



# Management and accountability





# Management and accountability

## 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 Hon Keith Pitt MP, Minister for Resources, Water and Northern Australia; the relevant state and territory ministers.

Under streamlined environmental authorisation arrangements, endorsed under the *Environment Protection and Biodiversity Conservation (EPBC) Act 1999*, NOPSEMA is also required to report to the Minister for the Environment on its compliance with streamlining commitments.

The responsible Commonwealth minister, after consulting with relevant state or territory ministers, may issue policy principles to NOPSEMA about the performance of its functions. These policy principles do not extend to NOPSEMA's regulatory decision-making.

As a Commonwealth statutory authority and corporate entity, NOPSEMA also 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.

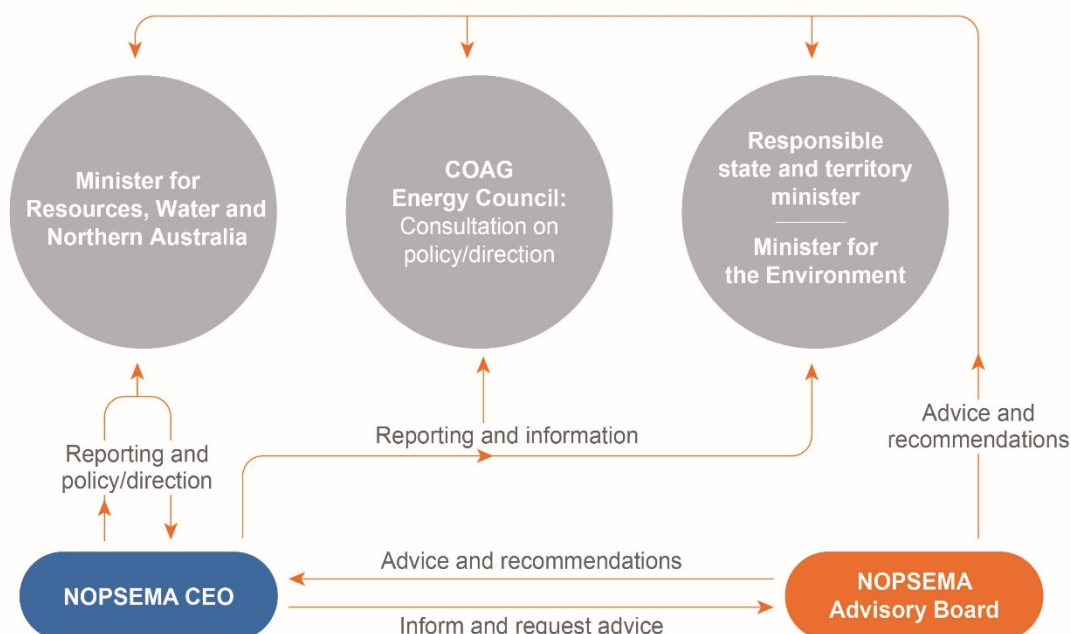


Figure 6: Corporate governance

## Corporate governance structure

Strategic management	Resource management	Regulatory operations management	Information management	Compliance management
Stakeholder engagement	Human resources	Advice and promotion	Data and information management	Internal audit and review
Strategic planning	Financial resources	Monitoring – compliance, inspections	Records management	Management system
Executive management and leadership	Procurement and contract management	Enforcement	Knowledge management	External audit
Risk management	Physical resources	Investigation	Security	Commitment and responsibilities
Crisis Management	Work health and safety	Reporting	Information, communications and technology systems	Measurement, monitoring, improvement and consultation
Project management		Co-operation – interagency activities		Process improvement

## 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 2019-20, 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 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 reported instances of fraud and corruption.

NOPSEMA's risk committee has three members including the Risk, Planning and Improvement Manager, General Counsel, and Head of Division for Regulatory Support. The risk committee also has two observers being the Chief Financial Officer (CFO) and the Technical Lead – Systems and Audit Co-ordination. 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.

During 2019-20, NOPSEMA's audit committee comprised three members, including the Head of Division for Safety and Integrity and two independent committee members who are not employees of NOPSEMA, and who have appropriate qualifications, knowledge, skills or experience to assist the Committee to

perform its functions. Advisors to the committee included NOPSEMA's internal auditor, BDO Advisory, 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 strategic and operational 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 that incorporates NOPSEMA's corporate plan, annual priorities and divisional annual operating plans.



Figure 7: Performance management framework



## People management

In 2019-2020, 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.

NOPSEMA took a strong proactive approach in response to the COVID-19 pandemic and enabled all staff to work from home from mid March 2020.

In the period from 18 March to 30 June, NOPSEMA staff transitioned to work from home arrangements in compliance with COVID-19 restrictions. While NOPSEMA's inspections have continued throughout the pandemic, they have been conducted remotely in order to comply with physical distancing, health and safety requirements.

Significant work was undertaken to ensure that human resource policies and procedures addressed evolving and complex people management issues and activities during this time.

## Workforce composition

As at 30 June 2020, NOPSEMA had a headcount of 125 staff, and a full-time equivalent of 120.90 comprising of staff on an ongoing, non-ongoing basis and temporary staff.



Figure 8: NOPSEMA headcount by role 2019-20

## 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 operational 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.

## 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.

The Strategy comprises the following five principal elements.

1. *Shaping the Workforce* through the integration of workforce planning into business planning. Throughout the reporting period, actions were 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.
2. *Building Workforce Capacity* continued with the launch of an individual career development coaching program. Appropriate workplace behaviour training sessions were conducted through the reporting period while training was also developed and undertaken to support NOPSEMA's network of Workplace Contact Officers. Fifteen staff members participated in the Certificate IV in Government Investigations course.
3. Through the reporting period, NOPSEMA managers participated in facilitated training sessions to *strengthen management and leadership capability*. These training sessions focussed on "mental health wellbeing in the workplace" and managing effectively while working in a dispersed environment. An inaugural "emerging leaders" course was delivered through a combination of face to face and subsequently adapted to an online format.
4. Ongoing *contributions to the preferred organisational culture* were made through supporting NOPSEMA's Organisational Culture Group (OCG) which focuses on building a collegiate and transparent culture.
5. Activities to *improve HR service delivery* included a review of modules available to enhance NOPSEMA's human resource management information system. Review of the suite of human resource policies and procedures was undertaken to ensure people management practices remain aligned to relevant legislation and practices while maintaining relevance to business operations. This included updates to reflect the changes circumstances caused by the COVID-19 Pandemic.

## Diversity and inclusion

NOPSEMA is committed to a fair, flexible, safe and rewarding workplace which allows for diversity amongst all 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 with different backgrounds, experiences and perspectives.

## Staff engagement

NOPSEMA participates in the Australian Public Service (APS) annual employee census which collects information on the attitudes and opinions of NOPSEMA employees on a voluntary basis.

The results of the survey are presented to staff, whom are provided an opportunity to make suggestions on how to address any areas of concern. The feedback gathered from staff, along with the survey results, are used to inform NOPSEMA's activities focusing on celebrating, monitoring and actioning.

The survey results for 2019 are available in the [APS Employee Census Report](#).

## Standards of behavior

### Code of conduct

In 2019–2020, NOPSEMA continued to actively support and uphold the APS Values and Employment Principles and manage cases under the APS Code of Conduct. NOPSEMA informs and educates staff on the APS Values, Employment Principles and Code of Conduct through a combination of online and face to face training for new and experienced employees and ongoing access to APS policy and guidance materials.

Any potential breaches of the Code of Conduct are considered and investigated where appropriate. As a condition of employment, all staff are required to declare all conflicts of interest.

### Performance management

NOPSEMA has a strong focus on managing the performance of all its employees to ensure effective contribution to the achievement of NOPSEMA goals. All employees participate in an annual performance management planning process that monitors and measures employee progress against agreed objectives and goals.

## 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 2019–20, NOPSEMA continued to implement its WHS management system, managed and reviewed hazards and risks on an annual basis, and monitored and reported on the organisation's WHS performance.

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

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 March 2020, NOPSEMA responded

to the developing COVID-19 pandemic and through WHS risk assessment with employee representatives concluded that all staff working from home was an appropriate control. NOPSEMA facilitated work from home for all staff from March through to June to mitigate this risk.

## Health, Safety & Environment Committee

In 2020 the Health and Safety Committee expanded its remit to consider good environmental management practices and updated its charter to reflect its new function as a Health, Safety & Environment Committee (HSEC).

The HSEC provides an avenue for effective communication between senior management and staff on workplace health, safety and environmental management matters. The committee has 12 members and has met five times in 2019–20, 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.

The HSEC in 2020 has also been a part of NOPSEMA's crisis management response to the COVID-19 pandemic and from that experience there are now regular meetings between the HSEC Chair and the CEO, to further support open communication.

## Governance

Comcare is the national regulator of WHS. 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.

In 2019–20, 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 2 WHS national target results for 2019–20.

## 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 2019–20, no investigations were conducted and no notices were issued to NOPSEMA.

**TABLE 2: WHS NATIONAL TARGET RESULTS FOR 2019-20**

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 3: NOPSEMA WORKPLACE OHS PROGRAMS AND INITIATIVES**

All staff and their immediate family members are provided counselling services through an employee assistance program.

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Regular workplace hazard inspections are undertaken.

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Ergonomic or medical assessments are provided for:

- all new staff (includes permanent and temporary staff)
- any staff suffering injuries or discomfort
- any staff returning from extended absences or leave
- as requested by any staff member

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A mental health initiative is in place. Regular information sessions and seminars are provided.

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Regular medical assessments are undertaken for all inspectorate staff. All employees undergo a pre-employment medical assessment.

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A free vaccination program against influenza is offered to staff at the beginning of each winter.

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## Environmental performance

NOPSEMA believes reducing the environmental impact of our own operations is an important part of our corporate responsibility and encourages individual action by our staff to reduce their carbon footprint, both in the workplace and at home.

Our day-to-day operations are largely office-based with our environmental risk profile limited to our offices in Perth and Melbourne and associated activities such as travel. Measures to reduce our environmental impact include:

- travel policies that promote the use of phone and video conferencing in preference to air travel
- selecting office locations in close proximity to industry stakeholders to minimise travel requirements
- encouraging staff to walk, cycle or use public transport to and from work by providing suitable end-of journey facilities such as showers, lockers, and secure cycle storage
- discouraging car use by excluding car parking facilities in our office leasing agreements
- leasing office premises with a five star energy rating using the National Australian Built Environment Rating System
- encouraging the reduction of office energy and resource consumption through less printing, procurement waste, and energy use
- maintaining waste segregation facilities and recycling contracts for paper, cardboard, plastics, batteries and toner ink cartridges.

## External scrutiny

### 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 to be undertaken in 2020.

### Senate estimates

Estimates of government expenditure are referred to Senate committees as part of the annual budget cycle. This opportunity to examine the operations of government plays a key role in the parliamentary scrutiny of the executive.

On 24 October 2019 and on 4 March 2020 NOPSEMA CEO, Head of Division Safety and Integrity and Head of Division Environment attended Supplementary Budget Estimates and Additional budget estimates respectively held by the Economic Legislation Committee in Canberra. The transcripts are available online at [aph.gov.au](http://aph.gov.au).

### Review and inquiries

Independent audit of NOPSEMA's consideration of exploration in the Great Australian Bight

On 16 May 2019, Ministers issued a joint media release announcing the independent audit of NOPSEMA. The media release defined the purpose and timeline for the independent audit. The media release is available at [liberal.org.au](http://liberal.org.au).

Following the issuing of the joint media release announcing of the independent audit, on 28 June 2019, Ministers announced the terms of reference for the audit. The terms of reference are available at [ministry.industry.gov.au](http://ministry.industry.gov.au).

On 20 September 2019, Ministers announced the final report (available at [minister.industry.gov.au](http://minister.industry.gov.au)). The audit found NOPSEMA to be a highly skilled, professional and competent regulator, with appropriate processes, procedures and guidance material in place for multiple functions. The independent audit outlines opportunities for the industry, the regulator and governments to provide further assurance. Within this particular report, it was recommended that NOPSEMA further improve transparency within assessments, decision-making processes and operations as a whole.

Government review into offshore oil and gas safety regulatory framework

NOPSEMA prepared a submission in August 2019 in response to a review by the DISER (formerly known as DIIS) of the offshore petroleum and greenhouse gas storage regulatory regime. NOPSEMA also participated in all safety stakeholder group meetings held in 2018 and 2019. The submission is available online at [consult.industry.gov.au](http://consult.industry.gov.au).



### Productivity Commission review into resources sector regulation

On 6 August 2019, the Productivity Commission (PC) commenced a review into resources sector regulation. The review did not involve a hearing, only an interview conducted by the PC for the purpose of collating information for the study to examine regulation affecting the resources sector.

NOPSEMA's submission was made in October 2019 with the final PC report expected by November 2020. The submission is available online at [pc.gov.au](https://www.pc.gov.au)

### Senate inquiry into the impact of seismic testing of fisheries and the marine environment

On 16 September 2019, the Senate referred to the Environment and Communications References Committee for inquiry into the impact of seismic testing on fisheries and the marine environment, with particular reference to the body of science and research into the use of seismic testing, the regulation of seismic testing in both Commonwealth and state waters, and the approach taken to seismic testing internationally. NOPSEMA's submission was made in February 2020.

### Government review into roles and responsibilities of key stakeholders, in relation to the Northern Endeavour facility

As announced on 23 April 2020, the Minister for Resources, Water and Northern Australia, Keith Pitt, appointed reviewer Steve Walker, to conduct a review into the circumstances that led to the liquidation of the Northern Oil and Gas Australia (NOGA) group of companies in February.

NOPSEMA was interviewed by Steve Walker and provided information on request. The report was provided to Minister Pitt in June 2020.

## Freedom of information

NOPSEMA continues to be subject to the *Freedom of Information Act 1982* (FOI Act). As required, NOPSEMA considered its objectives in performing functions and exercising powers under the FOI 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 FOI Act, on its corporate website.

# Financial statements





# Financial statements

## Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

To the Minister for Resources, Water 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 2020:

- (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 2020 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 as at 30 June 2020 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Finance 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 (including Independence Standards)* (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 2020 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

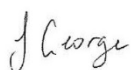
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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

17 September 2020

## Statement by Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2020 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.

A stylized, handwritten signature in black ink, appearing to be 'SS' followed by a large, sweeping flourish.

Stuart Smith

Chief Executive Officer

17 September 2020

A handwritten signature in black ink, appearing to be 'JKordic' in a cursive style.

Julie Kordic

Chief Financial Officer

17 September 2020

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# Statement of Comprehensive Income

For the period ended 30 June 2020

	Notes	2020	2019	2020 Budget
		<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1.1A	27,941	26,165	28,699
Suppliers	1.1B	4,506	7,465	7,493
Depreciation and amortisation	1.1C	3,532	911	1,020
Finance costs	1.1D	97	0	0
<b>Total Expenses</b>		<b>36,076</b>	<b>34,541</b>	<b>37,212</b>
<b>Own-source revenue</b>				
Levies and fees	1.2A	36,256	32,267	37,062
Interest	1.2B	155	285	150
Other revenue	1.2C	94	557	0
<b>Total own-source revenue</b>		<b>36,505</b>	<b>33,109</b>	<b>37,212</b>
<b>Net (cost of) / contribution by services</b>		<b>429</b>	<b>(1,432)</b>	<b>0</b>
Revenue from Government		0	0	0
<b>Surplus / (Deficit) on continuing operations</b>		<b>429</b>	<b>(1,432)</b>	<b>0</b>
<b>Total comprehensive income / (loss)</b>		<b>429</b>	<b>(1,432)</b>	<b>0</b>

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

# Statement of Financial Position

As at 30 June 2020

	Notes	2020	2019	2020 Budget
		\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents	2.1A	14,289	13,119	15,223
Trade and other receivables	2.1B	12,139	6,685	3,888
Other financial assets	2.1C	2,313	0	1,501
<b>Total Financial Assets</b>		<b>28,741</b>	<b>19,804</b>	<b>20,612</b>
<b>Non-Financial Assets</b>				
Land and buildings <sup>1</sup>	2.2A	6,522	1,732	1,897
Plant and equipment	2.2A	227	336	0
Intangibles	2.2A	1,623	857	681
Other non-financial assets	2.2B	653	714	412
<b>Total Non-Financial Assets</b>		<b>9,025</b>	<b>3,639</b>	<b>2,990</b>
<b>Total Assets</b>		<b>37,766</b>	<b>23,443</b>	<b>23,602</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2.3A	549	453	578
Other Payables	2.3B	5,965	608	770
<b>Total Payables</b>		<b>6,514</b>	<b>1,061</b>	<b>1,348</b>
<b>Interest Bearing Liabilities</b>				
Leases	2.4A	7,489	0	1,821
<b>Total Interest Bearing Liabilities</b>		<b>7,489</b>	<b>0</b>	<b>1,821</b>
<b>Provisions</b>				
Employee provisions	3.1A	6,244	5,551	5,099
Other provisions	2.5A	549	2,367	487
<b>Total Provisions</b>		<b>6,793</b>	<b>7,918</b>	<b>5,586</b>
<b>Total Liabilities</b>		<b>20,796</b>	<b>8,979</b>	<b>8,755</b>
<b>Net Assets</b>		<b>16,970</b>	<b>14,464</b>	<b>14,847</b>
<b>EQUITY</b>				
Contributed equity		896	896	896
Retained surplus		16,074	13,568	13,951
<b>Total Equity</b>		<b>16,970</b>	<b>14,464</b>	<b>14,847</b>

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

<sup>1</sup>Right-of-use assets are included in this line item

# Statement of Changes in Equity

For the period ended 30 June 2020

	2020	2019	2020 Budget
	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	896	896	896
<b>Adjusted opening balance</b>	896	896	896
<b>Closing balance as at 30 June</b>	896	896	896
<b>RETAINED EARNINGS</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	13,568	15,000	13,951
Adjustment on initial application of AASB 16	2,077	0	0
<b>Adjusted opening balance</b>	15,645	15,000	13,951
<b>Comprehensive income</b>			
Surplus / (Deficit) for the period	429	(1,432)	0
<b>Total Comprehensive Income</b>	429	(1,432)	0
<b>Closing Balance as at 30 June</b>	16,074	13,568	0
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	14,464	15,896	14,847
Adjustment for changes in accounting policies	2,077	0	0
<b>Adjusted opening balance</b>	16,541	15,896	14,847
<b>Comprehensive income</b>			
Surplus / (Deficit) for the period	429	(1,432)	0
<b>Total comprehensive income</b>	429	(1,432)	0
<b>Transactions with owners</b>	0	0	0
<b>Total transactions with owners</b>	0	0	0
<b>Closing balance as at 30 June</b>	16,970	14,464	14,847

The above statement should be read in conjunction with the accompanying no

# Cash Flow Statement

For the period ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000	2020 Budget \$'000
<b>OPERATING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from levies and fees		35,361	35,811	37,062
Less refund of levies through Department of Industry, Science, Energy and Resources		0	(68)	0
Interest <sup>1</sup>		162	285	150
GST received		818	818	0
Other		46	547	0
<b>Total cash received</b>		<b>36,387</b>	<b>37,393</b>	<b>37,212</b>
<b>Cash used</b>				
Employees		(26,939)	(25,713)	(28,700)
Suppliers		(4,001)	(6,068)	(7,493)
Interest payments on lease liabilities		(97)	0	0
GST paid		(70)	(857)	0
Accommodation		(839)	(2,293)	0
<b>Total cash used</b>		<b>(31,946)</b>	<b>(34,931)</b>	<b>(36,193)</b>
<b>Net cash from operating activities</b>		<b>4,441</b>	<b>2,462</b>	<b>1,019</b>
<b>INVESTING ACTIVITIES</b>				
<b>Cash received</b>				
Proceeds from sales of property, plant and equipment		0	10	0
<b>Total cash received</b>		<b>0</b>	<b>10</b>	<b>0</b>
<b>Cash used</b>				
Purchase of property, plant and equipment		(1,148)	(1,217)	(1,000)
<b>Total cash used</b>		<b>(1,148)</b>	<b>(1,217)</b>	<b>(1,000)</b>
<b>Net cash used by investing activities</b>		<b>(1,148)</b>	<b>(1,207)</b>	<b>(1,000)</b>
<b>FINANCING ACTIVITIES</b>				
<b>Cash received</b>				
Receipts from investment in sublease		896	0	0
<b>Total cash received</b>		<b>896</b>	<b>0</b>	<b>0</b>
<b>Cash used</b>				
Principal payments of lease liabilities		(3,019)	0	0
<b>Total cash used</b>		<b>(3,019)</b>	<b>0</b>	<b>0</b>
<b>Net cash used by financing activities</b>		<b>(2,123)</b>	<b>0</b>	<b>0</b>
<b>Net increase in cash held</b>		<b>1,170</b>	<b>1,255</b>	<b>19</b>
Cash and cash equivalents at the beginning of the reporting period		13,119	11,864	15,204
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>5A</b>	<b>14,289</b>	<b>13,119</b>	<b>15,223</b>

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

<sup>1</sup>Interest receipts on the investment in sublease is included in this line item

# Overview

## **Objectives of the 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 OPGGS Act.

## **The Basis of Preparation**

The financial statements are general purpose financial statements and are required by section 42 of the PGPA Act 2013.

The financial statements have been prepared in accordance with:

- a) PGPA (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.

## **New Accounting Standards**

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.

## **AASB 16 Leases**

AASB 16 became effective on 1 July 2019.

This new standard has replaced AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases—Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

AASB 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

### Application of AASB 16 Leases

NOPSEMA adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated, that is, it is presented as previously reported under AASB 117 and related interpretations.

NOPSEMA elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. NOPSEMA applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

Apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

Exclude initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;

Reliance on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and

Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, NOPSEMA previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, NOPSEMA recognises right-of-use assets and lease liabilities for most leases. However, NOPSEMA has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, NOPSEMA recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using NOPSEMA's incremental borrowing rate as at 1 July 2019. NOPSEMA's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions, the weighted average rate applied was 1.04%.

The right-of-use assets were measured as follows:

- a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- b) All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.



Impact on transition

On transition to AASB 16, NOPSEMA recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

	1 July 2019 \$'000
Right-of-use assets - Buildings	7,845
Investment in sublease	3,209
Lease liabilities	(11,054)

The following table reconciles the Departmental minimum lease commitments disclosed in NOPSEMA's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019 \$'000
Minimum operating lease commitment at 30 June 2019	8,977
Less: short-term leases not recognised under AASB 16	0
Less: low value leases not recognised under AASB 16	0
Plus: effect of extension options reasonable certain to be exercised	0
<b>Undiscounted lease payments</b>	<b>8,977</b>
 Add: effect of discounting using the incremental borrowing rate as at the date of initial application	 2,077
<b>Lease liabilities recognised at 1 July 2019</b>	<b>11,054</b>

**Taxation**

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

# 1. Financial Performance

This section analyses the financial performance of NOPSEMA for the year ended 2020

## 1.1 Expenses

	2020 \$'000	2019 \$'000
<b>1.1A: Employee benefits</b>		
Wages and salaries	20,460	19,140
Superannuation:	541	596
Defined benefit plans	3,203	2,961
Defined contribution plans		
Leave and other entitlements	3,611	3,336
Other employee benefits	126	132
<b>Total employee benefits</b>	<b>27,941</b>	<b>26,165</b>
<b>1.1B: Suppliers</b>		
Consultants	513	699
Contractors	70	82
Communication	97	125
Consumables	167	272
Travel and accommodation	548	726
IT services	1,070	1,328
Insurance	50	53
Utility	121	107
Temporary staff	326	639
Training and conferences	270	400
Registration and licenses	665	422
Other	134	199
<b>Total goods and services supplied or rendered</b>	<b>4,031</b>	<b>5,052</b>
Goods supplied	167	272
Services rendered	3,864	4,780
<b>Total goods and services supplied or rendered</b>	<b>4,031</b>	<b>5,052</b>
<b>Other suppliers</b>		
Operating lease rentals <sup>1</sup>	422	2,352
Workers compensation expenses	53	61
<b>Total other suppliers</b>	<b>475</b>	<b>2,413</b>
<b>Total suppliers</b>	<b>4,506</b>	<b>7,465</b>
<sup>1</sup> NOPSEMA has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117		
<b>1.1C: Depreciation and amortisation</b>		
Depreciation:	2,534	455
Land and buildings <sup>1</sup>	676	272
Plant and equipment		
<b>Total depreciation</b>	<b>3,210</b>	<b>727</b>
Amortisation:	322	184
Computer Software		
<b>Total amortisation</b>	<b>322</b>	<b>184</b>
<b>Total depreciation and amortisation</b>	<b>3,532</b>	<b>911</b>
<sup>1</sup> Right-of-use assets are included in this line item		
<b>1.1D: Finance costs</b>		
Interest on lease liabilities <sup>1</sup>	97	0
<b>Total costs</b>	<b>97</b>	<b>0</b>
<sup>1</sup> As NOPSEMA transitioned to AASB 16 from 1 July 2019, there is no comparative information.		

## 1.2 Own-Source Revenue

	2020 \$'000	2019 \$'000
1.2A: Revenue from levies and fees		
Wells	4,745	4,131
Safety	17,044	17,439
Environment	14,467	10,696
<b>Total revenue from levies and fees</b>	<b>36,256</b>	<b>32,267</b>

### Accounting Policy

Revenue from the sale of goods is recognised when control has been transferred to the buyer.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of the reporting period. Allowances are made when collectability of the debt is no longer probable.

1.2B: Interest		
Deposits	127	285
Investment in sublease <sup>1</sup>	28	0
<b>Total interest</b>	<b>155</b>	<b>285</b>

<sup>1</sup>As NOPSEMA transitioned to AASB 16 from 1 July 2019, there is no comparative information.

### Accounting Policy

Interest revenue is recognised using the effective interest method.

1.2C: Other revenue		
Resources received free of charge	48	474
Gain/(loss) on disposal of assets	0	10
Other revenue	46	73
<b>Total other revenue</b>	<b>94</b>	<b>557</b>

### Accounting Policy

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.

## 2. Financial Position

This section analyses NOPSEMA's assets used to conduct its operations and the operating liabilities incurred as a result. Employee related information is disclosed in the People and Relationships section.

### 2.1 Financial Assets

	2020 \$'000	2019 \$'000
<b>2.1A: Cash and cash equivalents</b>		
Cash at bank	8,289	4,119
Cash on deposit	6,000	9,000
<b>Total cash and cash equivalents</b>	<b>14,289</b>	<b>13,119</b>
<b>Accounting Policy</b>		
Cash is recognised at its nominal amount. Cash and cash equivalents includes:		
a) cash on hand;		
b) demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value; and		
c) cash in special accounts.		
<b>2.1B: Trade and other receivables</b>		
<b>Goods and services receivables</b>		
Goods and services	10,888	4,207
<b>Total goods and services receivables</b>	<b>10,888</b>	<b>4,207</b>
<b>Other receivables</b>		
Levy receipts to be appropriated by the Department of Industry, Science, Energy and Resources	0	561
Interest	3	26
Accrued revenue	1,264	1,692
Travel advances	3	3
GST receivable from the Australian Taxation Office	76	117
Other	19	79
<b>Total other receivables</b>	<b>1,365</b>	<b>2,478</b>
<b>Total trade and other receivables (gross)</b>	<b>12,253</b>	<b>6,685</b>
Less impairment loss allowance	(115)	0
<b>Total trade and other receivables (net)</b>	<b>12,139</b>	<b>6,685</b>
Credit terms for goods and services were within 30 days (2019: 30 days).		
<b>Accounting Policy</b>		
Trade receivables, loans and other receivables that are held for the purpose of collecting the contractual cash flows where the cash flows are solely payments of principal and interest, that are not provided at below-market interest rates, are subsequently measured at amortised cost using the effective interest method adjusted for any loss allowance.		
<b>2.1C: Other financial assets</b>		
Investment in sublease asset	2,313	0
<b>Total other financial assets</b>	<b>2,313</b>	<b>0</b>

## 2.2 Non-Financial Assets

### 2.2A: Reconciliation of the Opening and Closing Balances of Land, Buildings, Plant and Equipment and Intangibles

	Land and buildings \$'000	Plant and equipment \$'000	Intangibles <sup>1</sup> \$'000	Total \$'000
<b>As at 1 July 2019</b>				
Gross book value	4,940	2,049	7,531	14,520
Accumulated depreciation, amortisation and impairment	(3,208)	(1,713)	(6,674)	(11,595)
<b>Total as at 1 July 2019</b>	<b>1,732</b>	<b>336</b>	<b>857</b>	<b>2,925</b>
Recognition of right of use asset on initial application of AASB 16	7,844	0	0	7,844
<b>Adjusted total as at 1 July 2019</b>	<b>9,576</b>	<b>336</b>	<b>857</b>	<b>10,769</b>
Additions:	0	47	0	47
Purchase	0	0	1,088	1,088
Internally developed				
Revaluations and impairments recognised in other comprehensive income for right-of-use assets	0	0	0	0
Depreciation and amortisation	(521)	(156)	(322)	(999)
Depreciation on right-of-use assets	(2,533)	0	0	(2,533)
Disposals:	0	0	0	0
<b>Total as at 30 June 2020</b>	<b>6,522</b>	<b>227</b>	<b>1,623</b>	<b>8,372</b>
Total as at 30 June 2020 represented by				
Gross book value	12,784	2,096	8,619	23,499
Accumulated depreciation, amortisation and impairment	(6,262)	(1,869)	(6,996)	(15,127)
<b>Total as at 30 June 2020</b>	<b>6,522</b>	<b>227</b>	<b>1,623</b>	<b>8,372</b>
<b>Carrying amount of right-of-use assets</b>	<b>5,311</b>	<b>0</b>	<b>0</b>	<b>5,311</b>

<sup>1</sup>Intangibles consisted of internally generated software

No indicators of impairment were found for land, buildings, plant and equipment and intangibles.

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

Fair value for each class of asset were measured at 30 June 2020.

### Accounting Policy

Assets are recorded at cost on 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.

### 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.

### Lease Right of Use (ROU) Assets

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for

by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the

same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16, NOPSEMA has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, GGS and Whole of Government financial statements.

### Revaluations

Following initial recognition at cost, property, plant and equipment (excluding ROU assets) are carried at fair value (or an amount not materially different from 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 depended 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 reversed 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:

a) 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:

	2020	2019
Leasehold improvements	Lease term	Lease term
Plant and equipment	3 to 5 years	3 to 5 years

The depreciation rates for ROU assets are based on the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term.

### Impairment

All assets were assessed for impairment at 30 June 2020.

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 further future economic benefits are expected from its use or disposal.

### 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.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the entity's software is 5 years.

All software assets were assessed for indications of impairment as at 30 June 2020.

	2020 \$'000	2019 \$'000
2.2B: Other non-financial assets		
Prepayments	653	715
<b>Total other non-financial assets</b>	<b>653</b>	<b>715</b>

No indicators of impairment were found for other non-financial assets.

## 2.3 Payables

	2020	2019
	\$'000	\$'000
2.3A: Suppliers		
Trade creditors and accruals	549	453
<b>Total suppliers</b>	<b>549</b>	<b>453</b>

Settlement is usually made within 30 days.

	2020	2019
	\$'000	\$'000
2.3B: Other payables		
Salaries and wages	421	199
Unearned income	5,544	409
<b>Total other payables</b>	<b>5,965</b>	<b>608</b>

## 2.4 Interest Bearing Liabilities

	2020	2019
	\$'000	\$'000
2.4A: Leases		
Finance Leases <sup>1</sup>	7,489	0
<b>Total leases</b>	<b>7,489</b>	<b>0</b>

<sup>1</sup>As NOPSEMA transitioned to AASB 16 from 1 July 2019, there is no comparative information.

Total cash outflow for leases for the year ended 30 June 2020 was \$3,369,445.

## 2.5 Other Provisions

	2020	2019
	\$'000	\$'000
2.5A: Other provisions		
Provision for restoration	549	549
<b>Total other provisions</b>	<b>549</b>	<b>549</b>

NOPSEMA currently 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.

## People and Relationships

This section describes a range of employment and post employment benefits provided to our people and our relationships with other key people.

### 3.1 Employee Provisions

	2020	2019
	\$'000	\$'000
<b>3.1A: Employee Provisions</b>		
Leave	5,405	4,805
Other	838	746
<b>Total employee provisions</b>	<b>6,244</b>	<b>5,551</b>

#### Accounting Policy

Liabilities for 'short-term employee benefits and termination benefits expected within twelve months of the end of reporting period are measured at their nominal amounts.

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.

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 determined by reference to the work of an actuary as at 30 June 2020. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

#### Separation and Redundancy

Provision is made for separation and redundancy benefit payments. The entity recognises a provision for termination when it has developed a detailed formal plan for the terminations and has informed those employees affected that it will carry out the terminations.

#### 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 benefits 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 employees' defined benefit superannuation scheme 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.

## 3.2 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:

	2020 \$'000	2019 \$'000
<b>3.2A: Key Management Personnel Remuneration</b>		
Short-term employee benefits	1,585	1,597
Post-employment benefits	250	247
Other long-term employee benefits	34	29
<b>Total key management personnel remuneration<sup>1</sup></b>	<b>1,869</b>	<b>1,873</b>

The total number of key management personnel that are included in the above table are 5 [2019: 5].

<sup>1</sup>The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the entity.

## 3.3 Related Party Disclosures

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
- guarantees.

Giving consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed.

# Managing Uncertainties

This section analyses how NOPSEMA manages financial risks within its operating environment.

## 4.1 Financial Instruments

	2020 \$'000	2019 \$'000
<b>4.1A: Categories of financial instruments</b>		
<b>Financial Assets</b>		
<b>Financial assets at amortised cost</b>		
Cash and cash equivalents	14,289	13,119
Trade and other receivables	12,139	6,685
Other financial assets	2,313	0
<b>Total financial assets at amortised cost</b>	<b>28,741</b>	<b>19,804</b>
<b>Total financial assets</b>	<b>28,741</b>	<b>19,804</b>
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Trade creditors	549	453
Other	5,965	608
<b>Total financial liabilities measured at amortised cost</b>	<b>6,514</b>	<b>1,061</b>
<b>Total financial liabilities</b>	<b>6,514</b>	<b>1,061</b>

### Accounting Policy

#### 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:

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

The classification depends on both the entity's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

Comparatives have not been restated on initial application.



### Financial Assets at Amortised Cost

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

1. the financial asset is held in order to collect the contractual cash flows
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount
3. Amortised cost is determined using the effective interest method.

### Effective Interest Method

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

### Financial Assets at Fair Value Through Other Comprehensive Income (FVOCI)

Financial assets measured at fair value through other comprehensive income are held with the objective of both collecting contractual cash flows and selling the financial assets and the cash flows meet the SPPI test.

Any gains or losses as a result of fair value measurement or the recognition of an impairment loss allowance is recognised in other comprehensive income.

### Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as financial assets at fair value through profit or loss where the financial assets either doesn't meet the criteria of financial assets held at amortised cost or at FVOCI (i.e. mandatorily held at FVTPL) or may be designated.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest earned on the financial asset.

### Impairment of Financial Assets

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to lifetime expected credit losses where risk has significantly increased, or an amount equal to 12-month expected credit losses if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

## **Financial Liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities. Financial liabilities are recognised and derecognised upon 'trade date'.

### Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at fair value through profit or loss are initially measured at fair value. Subsequent fair value adjustments are recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

### Financial Liabilities at Amortised Cost

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

	2020 \$'000	2019 \$'000
<b>4.1B: Net gains or losses on financial assets</b>		
<b>Financial assets at amortised cost</b>		
Interest revenue	155	285
<b>Net gains/(losses) on financial assets at amortised cost</b>	<b>155</b>	<b>285</b>

	2020 \$'000	2019 \$'000
<b>4.1C: Net gains or losses on financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
Interest expense	97	0
<b>Net gains/(losses) on financial liabilities measured at amortised cost</b>	<b>97</b>	<b>0</b>

## Other Information

### 5.1 Aggregate Assets and Liabilities

	2020 \$'000	2019 \$'000
<b>5.1A: Aggregate assets and liabilities</b>		
<b>Assets expected to be recovered in:</b>		
No more than 12 months	28,741	19,804
More than 12 months	9,025	3,639
<b>Total assets</b>	<b>37,766</b>	<b>23,443</b>
<b>Liabilities expected to be settled in:</b>		
No more than 12 months	6,514	1,061
More than 12 months	14,282	7,918
<b>Total liabilities</b>	<b>20,796</b>	<b>8,979</b>

## 5.2 Remuneration of Auditors

	2020	2019
	\$'000	\$'000
<b>5.2A: Remuneration of Auditors</b>		
Financial statement audit services provided by the ANAO	48	46
<b>Total remuneration of auditors</b>	<b>48</b>	<b>46</b>

Non-audit services were provided during the financial year to the total of \$5,500 (2019: \$69,000) by Ernst & Young Australia who are subcontracted by the ANAO (Australian National Audit Office) to perform NOPSEMA's financial statement audit.

## 5.3 Budget Variances Commentary

Explanations of major variances	Affected line items
Expenditure with suppliers appears significantly below budget as this line item no longer includes expenditure under operating lease rentals due to the transition to AASB 16.	Statement of Comprehensive Income: Suppliers
In 2019-20, levy revenue was below budget due to lower than expected submissions.	Statement of Comprehensive Income: Revenue
Trade and other receivables are higher against budget due to a major submission of a 5-year revision of environment plan.	Statement of Financial Position: Trade and other receivables
Land and buildings balance is higher against budget as a result of the right-of-use assets being included in this line item from 01 July 2019.	Statement of Financial Position: Land and Buildings
Intangibles balance is higher than the anticipated budget as a result of increased spending on improvements to NOPSEMA's internally generated software.	Statement of Financial Position: Intangibles
Other provisions relate to Lease incentives and Makegood provisions which were in line with budget.	Statement of Financial Position: Other payables
Lease liability balance is higher than budget as a result of changes to reporting under AASB 16.	Statement of Financial Position: Leases

# Advisory Board report



# Advisory Board Report

## Board functions

The NOPSEMA Board is established under Part 6.9, Division 3 of the 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 Board and NOPSEMA CEO met with the former Minister for Resources and Northern Australia, the Hon Matthew Canavan MP, in December 2019 but has not had the opportunity to meet with the Hon Keith Pitt MP, who became the Minister for Resources, Water and Northern Australia in February 2020.

### NOPSEMA CEO (Stuart Smith)

Mr Smith attended and participated in three Board meetings during the reporting period and the Acting CEO attended the August meeting. 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

### Decommissioning and late life asset transfers

The Board is pleased its concerns regarding the Commonwealth's potential exposure to matters relating to decommissioning and late life asset transfers are being acted upon and is encouraged that in-principle support has been provided to progress a solution. The Board is supportive of the suggestion of expanding the functions of the National Offshore Petroleum Title Administrator (NOPTA) to include greater powers to ensure financial assurance when a company comes onto a title and during the life of the asset. Other changes discussed with the Department of Industry, Science, Energy and Resources include trailing



liability, financial assurance, more scrutiny of transfers and dealings and earlier visibility for regulators of plans to decommissioning.

### **Equinor**

The decision by Equinor to discontinue exploration drilling in the Great Australian Bight, notwithstanding the significant work undertaken to submit an environment plan was noted by the Board. The increased transparency demonstrated in the process has transformed industry and community expectations for future permissioning documents, not only for Environment Plans, but also Facility Safety Cases and Well Operations Management Plans.

### **Northern Oil and Gas Australia**

Matters associated with Northern Oil and Gas Australia (NOGA) and the challenges around regulatory oversight of the Northern Endeavour facility in the absence of a recognised titleholder and operator were discussed, and the Board supports NOPSEMA's position regarding the conflict between being the offshore regulator and executing any decommissioning activities. The Board encourages the public release of submissions and findings from the independent review and believes transparency on this matter should enhance understanding of the issues with all stakeholders.

### **COVID-19**

The Board acknowledged the leadership displayed by NOPSEMA, both at a national and an international level, to ensure the health and wellbeing of both its employees and employees working in industry onshore and offshore during the COVID-19 pandemic that commenced in early 2020. Both industry and trade unions responded positively to NOPSEMA's leadership on this issue. The Board has requested NOPSEMA to consider the consistency and standard of risk mitigation assessments by operators during the pandemic when undertaking future facility inspections to highlight potential latent hazards.

### **Suspended wells**

Following a workshop with the DISER (formally known as DIIS) in November 2019, the Board asked NOPSEMA to consult with DISER and the National Offshore Petroleum Titles Administrator (NOPTA) and the States, to determine how a thorough assessment could be undertaken of the approximately 250 suspended wells in the regime. The Board is particularly interested in 'orphan wells' that are not located within a current title or are located in titles where the current holder has no historical engagement in the drilling, operation or suspension of the wells.

### **Legislative amendments**

On 28 April 2020, amendments to the OPGGS Act and the OPGGS Regulatory Levies Act were passed. Included in the amendments was the transfer of regulatory oversight of greenhouse gas wells and environmental management from the responsible Commonwealth Minister to NOPSEMA.

### **Memorandum of Understanding with Timor-Leste**

In August 2019, a Memorandum of Understanding was signed with the Timor-Leste regulator, Autoridade Nacional do Petroleo e Minerais (ANPM) and the Department of Industry, Energy, Science and Resources, in relation to NOPSEMA retaining regulatory responsibility for the Bayu-Undan pipeline. The Board was pleased to note that the agreement with ANPM includes provision for NOPSEMA to access and inspect the platform facilities associated with the operation of the pipeline.



## 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 2020 NOPSEMA Operational review;
- ongoing advice to the Minister as required;
- continuing to monitor improvements in relation to the transparency of the regulatory approvals process;
- monitoring the outcomes and recommendations arising from the review into decommissioning and late life asset transfers;
- 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 CEO at Advisory Board meetings and out of session.

## Board member attendance

The following changes to the board occurred during the reporting period: the terms of Mr Anthony Evans and Mr Jim Limerick concluded (17 March and 30 June 2020 respectively); the terms of Ms Erica Smyth and Prof Melinda Hodkiewicz were extended until 17 March 2023. Prof Andrew Hopkins was appointed with effect from 18 March 2020 until 17 March 2023.

Ms Erica Smyth took a leave of absence from 5 March 2020 and formally resigned from the Board as at 4 June 2020. During this period Mr Ken Fitzpatrick was appointed as Acting Chair.

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

Name	28 August 2019 Meeting 31	29 November 2019 Meeting 32	11 March 2020 Meeting 33	10 June 2020 Meeting 34
Ms Erica Smyth	•	•	Apology	N/A
Dr James Limerick	•	•	•	•
Ms Trish Kerin	•	•	•	•
Mr Ken Fitzpatrick	•	•	•	•
Mr Anthony Evans	•	•	•	N/A
Prof Melinda Hodkiewicz	•	•	•	•
Ms Anthea Tinney	•	Apology	•	•
Mr Christopher Blackmore	•	•	•	•
Prof Andrew Hopkins	N/A	N/A	N/A	•

It is the Board's practice that a senior representative of the relevant portfolio department 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.

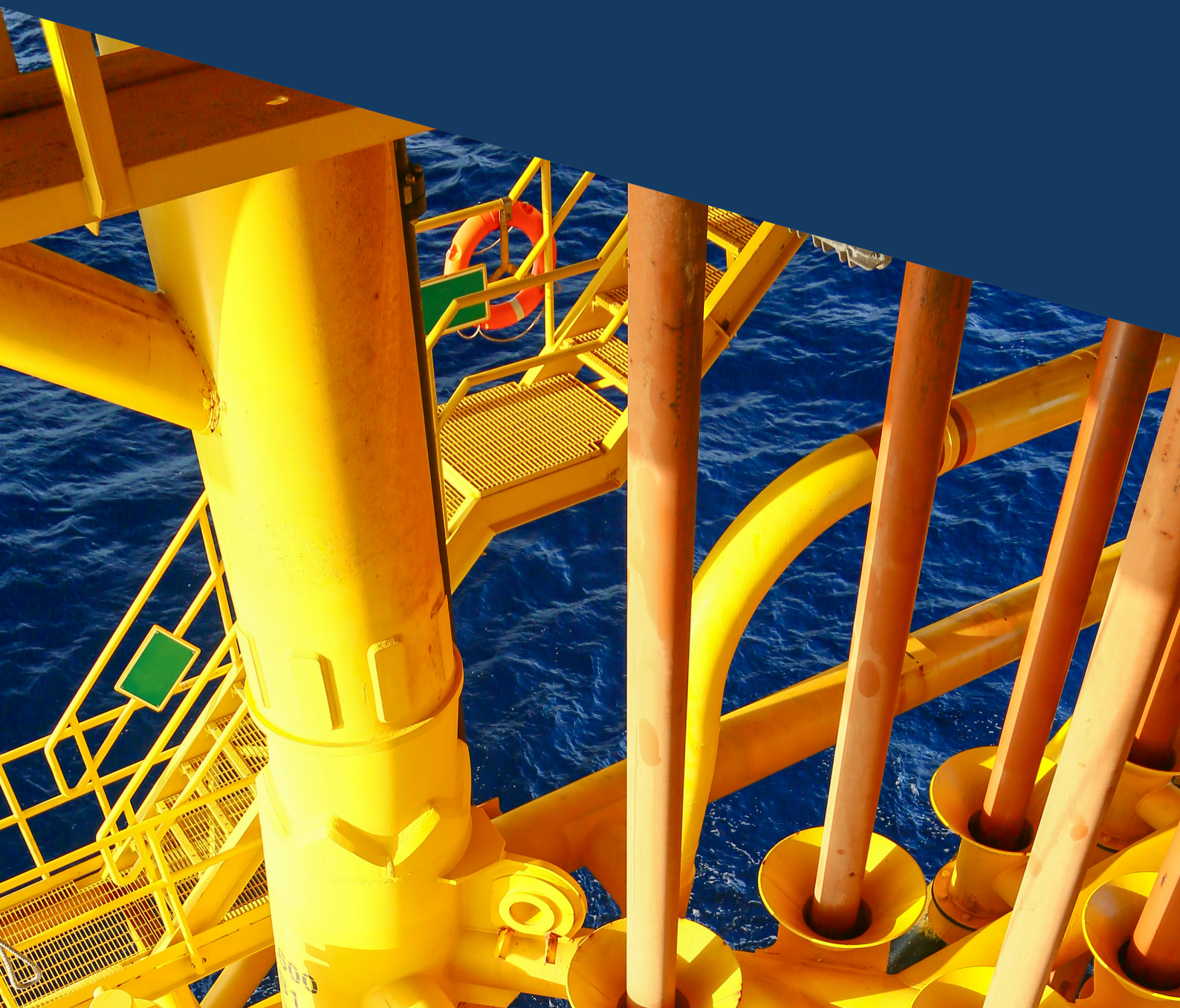
## Board financial statement

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 2019-20 in comparison to NOPSEMA's 2019-20 budget allocation and expenditure in 2018-19 is set out in the table below. The increase in expenditure compared to budget is due to an acting chair being appointed during a period of absence.

Expenditure Items	Annual Budget 2019-20	Actuals 2019-20	Variance Favourable/ (Unfavourable)	Last Year's Actuals 2018-19
	\$'000	\$'000	\$'000	\$'000
Members Remuneration	341	350	(9)	295
Travel and Accommodation	32	33	(1)	17
Other Expenses	1	1	0	1
TOTAL	374	384	(10)	313

# Appendices



# Appendices

## Appendix 1: Information about remuneration

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 / Environmental Specialist*
	Well Integrity Specialist*
<b>Group 8 - EL2</b>	<b>Executive Level 2</b>
	OHS Regulatory Specialist (Lead)*
	Well Integrity Specialist (Lead)*
	Regulatory Manager / Environmental Manager*
	Well Integrity Manager*
<b>Group 9 - SES</b>	<b>Head of Division</b>

*All 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, Energy, Science and Resources.

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*.

## Remuneration for key management personnel

Name	Position title	Short-term benefits		Post-employment benefits		Other long-term benefits		Termination benefits	Total remuneration
		Base salary				Superannuation contributions		Long service leave	
Stuart Smith	Chief Executive Officer	383,652	Nil	Nil	57,691	8,379	Nil	Nil	449,722
Karl Heiden	Head of Division - Regulatory Support	316,673	Nil	642	58,063	7,358	Nil	Nil	382,736
Cameron Grebe	Head of Division - Environment	321,297	Nil	Nil	48,471	7,358	Nil	Nil	377,126
Derrick O'Keeffe	Head of Division - Safety and Integrity	315,133	Nil	Nil	47,700	5,809	Nil	Nil	368,642
Suzanne Hillier	General Counsel	206,606	Nil	41,376	38,063	5,173	Nil	Nil	291,218

*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 Key Management Personnel and are therefore not disclosed separately*

## Remuneration for other highly paid staff

Total remuneration bands	Number of other highly paid staff	Short-term benefits	Short-term benefits	Short-term benefits	Post-employment benefits	Other long-term benefits	Other long-term benefits	Termination benefits	Total remuneration
		Average base salary			Average superannuation contributions	Average long service leave		Average termination benefits	Average total remuneration
\$245,001 - \$270,000	3	206,043	Nil	113	31,839	3,936	Nil	Nil	241,930
\$270,001 - \$295,000	18	217,352	Nil	440	34,380	4,268	Nil	Nil	256,677
\$295,001 - \$320,000	24	235,895	Nil	1,234	35,970	4,560	Nil	Nil	278,038
\$320,001 - \$345,000	2	255,438	Nil	169	37,377	6,203	Nil	Nil	299,187
\$345,001 - \$370,000	7	284,052	Nil	145	44,458	1,950	Nil	Nil	331,440
\$370,001 - \$395,000	5	296,774	Nil	3,434	45,711	2,331	Nil	Nil	349,182
	3	332,086	Nil	338	47,141	6,749	Nil	Nil	386,313





## Appendix 2: Accountable Authority

Details of accountable authority during the reporting period current report period (2019–20)

Name				Period as the accountable authority or member within the reporting period	Period as the accountable authority or member within the reporting period	Period as the accountable authority or member within the reporting period
Name	Qualifications of the Accountable Authority	Experience of the Accountable Authority	Position Title / Position held Executive / Non-Executive	Date of Commencement		
	Bachelor of Economics (University of Western Australia)	National of Petroleum Safety and Environmental Management Authority	Chief Executive Officer	September 2014	N/A	N/A
	Post Graduate Diploma in Economics (Australian National University)	WA Department of Fisheries	Director General	November 2008	September 2014	N/A
		WA Department of Mines, Industry and Resources	Deputy Director General State Development	February 2007	November 2008	N/A
		WA Department of Mines, Industry and Resources	Deputy Director General Resources	March 2003	February 2007	N/A
		Federal Department of Industry, Tourism and Resources	General Manager	March 2001	May 2003	N/A
		Australian Competition and Consumer Commission	Regional Director WA	March 1999	March 2001	N/A

## Appendix 3: Environmental Protection and Biodiversity Conservation Act 1999, section 516A

Section 516A of the EPBC Act requires NOPSEMA to report annually on how its activities accord with and contribute to the principles of ecologically sustainable development and the environmental performance of its internal operations.

NOPSEMA operates nationally from two office locations. Its headquarters are located in Perth and a satellite office is located in Melbourne. The total area of these premises covers 3139.2m<sup>2</sup>. During 2019-20, these offices accommodated a maximum of 125 staff.

The principles of Ecologically Sustainable Development (ESD) as defined by section 3A of the EPBC Act are enshrined as an object in the Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009 that are administered by NOPSEMA. In administering these regulations, NOPSEMA ensures through the day-to-day regulatory activities (e.g. assessments, compliance monitoring and enforcement) of its environment function that offshore petroleum and greenhouse gas activities are carried out in a manner consistent with the principles of ESD. NOPSEMA publishes guidance for content of environmental management approvals documents to assist proponents in preparing documentation that meets these and other regulatory requirements.

As an Australian Government agency responsible for implementing federal environmental policy, NOPSEMA supports the work of the Australian Government in implementing and meeting our global greenhouse gas and climate change commitments and associated legal frameworks. This includes relevant legislative and other requirements that are in place to implement Australia's commitment to the Kyoto Protocol of 1997 and the Paris Agreement of 2016 to reduce greenhouse gas emissions by 26–28 per cent below 2005 levels by 2030.

As NOPSEMA's day to day operations are largely office-based, our environmental footprint is limited to our offices in Perth and Melbourne and associated activities such as travel. NOPSEMA has an **Environment and Sustainability Policy** which drives our adoption of measures to reduce the environmental impact of our operations as described in Part 3 of this report. This is achieved through implementing and maintaining an environmental management plan that ensures the systematic management of the environmental footprint of NOPSEMA's operations. NOPSEMA achieves effective review and continuous improvement by monitoring and periodically reviewing the actions taken to reduce our footprint.

NOPSEMA is subject to regular independent reviews of its operational effectiveness and its administration of national environmental approvals streamlining arrangements for offshore petroleum. Other ad hoc reviews may also take place. Outcomes of these review processes serve to help NOPSEMA continually improve as the expert independent regulation of the offshore energy sector.

## Appendix 4: EPBC Streamlining Performance Report

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 2019 to 30 June 2020. Further information about the endorsed Program is available at [nopsema.gov.au](http://nopsema.gov.au).

Regulatory activity		1 July 2019 to 30 June 2020
Submission type	Category	Number
Offshore project proposal <sup>1</sup>	Accepted for public comment <sup>2</sup>	1
	Accepted <sup>3</sup>	1
	Assessments in progress – suitability for publication <sup>4</sup>	2
	Assessments in progress – for acceptance <sup>4</sup>	1
Environment plan	Accepted <sup>5</sup>	33
	Assessments in progress <sup>4</sup>	10
	Decisions - Refuse to accept <sup>5</sup>	0
	Assessments stopped/cancelled <sup>5</sup>	4
	Acceptances that pose unacceptable impacts to matters protected under Part 3 of <i>Environment Protection and Biodiversity Conservation Act 1999</i>	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 2019 - 30 June 2020)
3. The final accepted OPP. Based on year of completion (1 July 2019 - 30 June 2020)
4. Based on year of submission (1 July 2019 - 30 June 2020)
5. Based on year of completion (1 July 2019 - 30 June 2020)

During the reporting period, NOPSEMA continued to implement the Program Administrative Arrangements. This included sharing information with the Department of Agriculture, Water and Environment (DAWE) about NOPSEMA's regulatory activities such as environment plan assessments, inspections and enforcement actions. NOPSEMA also engages with DAWE on a range of matters, including to ensure clarity and consistency of approaches to application of EPBC Act policies and instruments, such as Recovery Plans.

NOPSEMA continues to apply and improve its regulatory practice to ensure that Program objectives are being met. Under contract, NOPSEMA also continues to provide regulatory advice to the Department in relation to assessments under the EPBC Act.

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.

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 DAWE and Department of Industry, Science, Energy and Resources to ensure that the review is efficient and effective.

## Appendix 5: Management of Human resources

### All ongoing employees current report period (2019–20)

	Male	Male	Male	Femal e	Femal e	Female	Indeter minate	Indeter minate	Indeterminat e	Total
	Full-time			Full-time			Full-time			
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	5	-	5	1	-	1	-	-	-	6
WA	48	-	48	31	9	40	-	-	-	88
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<i>Total</i>	53	-	53	32	9	41	-	-	-	94

### All non-ongoing employees current report period (2019–20)

	Male	Male	Male	Femal e	Femal e	Female	Indeter minate	Indeter minate	Indeterminate	Total
	Full-time			Full-time			Full-time			
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	1	-	1	1	-	1	-	-	-	2
WA	14	1	15	12	2	14	-	-	-	29
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<i>Total</i>	15	1	16	13	2	15	-	-	-	31

## All on-going employees previous reporting period (2018-19)

	Male	Male	Male	Femal e	Femal e	Female	Indeter minate	Indeter minate	Indeterminate	Total
	Full-time			Full-time			Full-time			
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	6	-	6	2	-	2	-	-	-	8
WA	51	1	52	34	7	41	-	-	-	93
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<i>Total</i>	57	1	58	36	7	43	-	-	-	101

## All non-ongoing employees previous reporting period (2018-19)

	Male	Male	Male	Femal e	Femal e	Female	Indeter minate	Indeter minate	Indeterminate	Total
	Full-time			Full-time			Full-time			
NSW	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	-	1	1	-	-	-	-	-	-	1
WA	12	-	12	10	1	11	-	-	-	23
ACT	-	-	-	-	-	-	-	-	-	-
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<i>Total</i>	12	1	13	10	1	11	-	-	-	24



## Appendix 6: Audit committee

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Number of meetings attended / total number of meetings	Total annual remuneration
James Komninos	<p>James is a Partner in the Audit and Assurance division for RSM in Perth. He is responsible for a broad range of clients, including the audits of listed companies and large private entities. James has extensive experience in auditing and providing general accounting assistance to audit clientele.</p> <p>James is a member of the RSM International Board of Directors, responsible for the global oversight of RSM in over 130 countries around the world. In Australia, James is also a member of RSM Australia's five person national executive, guiding the strategic direction of the firm.</p> <p>James is a fellow of the Australian Institute of Company Directors and Member of the Institute of Chartered Accountants in Australia.</p>	3 / 3	\$4,950
Tony Walsh	<p>Tony Walsh has over 30 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer.</p> <p>He is currently Company Secretary of Battery Minerals Limited, Great Western Exploration Limited, Magmatic Resources Limited and Legend Mining Limited.</p> <p>Tony is a member of the Australian Institute of Company Directors, a Fellow of the Governance Institute of Australia, the Institute of Chartered Secretaries and the Institute of Chartered Accountants in Australia.</p>	3 / 3	\$1,800

## Appendix 7: Notes to the financial statements (Departmental) (2019–20)

### Aggregate assets and liabilities

	30 June 2020	30 June 2019	Budget
			30 June 2020
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Assets – No more than 12 months	28,741	19,804	23,602
Liabilities – No more than 12 months	6,514	1,061	8,755

### Commonwealth lessees – Departmental leases under AASB 16 (2019–20)

	30 June 2020	30 June 2019	Budget
			30 June 2020
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
Note to Depreciation – Depreciation on right-of-use assets	Nil	2,533	Nil
Cash Flow – Operating Activities – Interest Payments on Lease Liabilities	Nil	97	Nil
Cash Flow – Financing Activities – Principal Payments of Lease Liabilities	Nil	3,369	Nil

### Regulatory charging summary note

	30 June 2020	30 June 2019
	<u>\$'000</u>	<u>\$'000</u>
Expenses		
Total expenses	36,076	34,541
External revenue		
Total external revenue	36,505	33,109

# Glossary & indexes



# Glossary and indexes

## List of abbreviations

AAD	Australian Antarctic Division	IChemE	Institution of Chemical Engineers
AASB	Australian Accounting Standards Board	IFAP	Industrial Foundation for Accident Prevention
AGCC	Australian Government Crisis Committee	ICT	Information, Communications And Technology
ALARP	As low as reasonably practicable	IOPER	International Offshore Petroleum Environmental Regulators
AGM	Annual General Meeting	IRF	International Regulators' Forum
AMSA	Australian Maritime Safety Authority	KMP	Key Management Personnel
ANAO	Australian National Audit Office	KPI	Key performance indicator
ANPM	Autoridade Nacional do Petróleo e Minerais	MAC	Ministerial Advisory Council
APPEA	Australian Petroleum Production and Exploration Association	MSR	Management System Representative
APS	Australian Public Service	NLT	NOPSEMA leadership team
APSC	Australian Public Service Commission	NOGA	Northern Oil and Gas Australia
CCC	Crisis Coordination Centre	NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
CEO	Chief Executive Officer	NOPTA	National Offshore Petroleum Titles Administrator
CERG	Community and Environment Reference Group	OHS	Occupational Health and Safety
COVID-19	Coronavirus disease 2019	OCG	Organisational Culture Group
CPI	Consumer Price Index	OPP	Offshore Project Proposal
CSS	Commonwealth Superannuation Scheme	OPGGS	Offshore Petroleum Greenhouse Gas and Storage
DDG	Deputy Director General	OPGGSA	Offshore Petroleum Greenhouse Gas Storage Act
DIIS	Department of Industry, Innovation and Science	PBS	Portfolio Budget Statements
DISER	Department of Industry, Science, Energy and Resources	PC	Productivity Commission
DoH	Department of Health	PGPA	Public Governance, Performance and Accountability
DOIR	Department of Industrial Relations	PL	Policy
DSCE	Damage to safety-critical equipment	PSS	Public Sector Superannuation Scheme
DSMS	Diving Safety Management System	PSSap	Public Sector Superannuation Scheme accumulation plan
EM	Environmental Management	QMS	Quality Management System
EMM	Enforcement Management Model	RPF	Regulatory Performance Framework
ENGO	Environmental Non-government Organisation	RMS	Regulatory Management System
EP	Environment Plan	ROU	Right of Use
ESD	Ecologically Sustainable Development	SC	Safety Case
FBT	Fringe Benefits Tax	SPE	Society of Petroleum Engineers
FLNG	Floating Liquefied Natural Gas	Spillcon	International Oil Spill Conference (Asia Pacific)
FRR	Financial Reporting Rule	UPR	Upstream Petroleum Resources
EPBC Act	Environmental Protection and Biodiversity Conservation	US	United States
FOI	Freedom of Information	WHS	Work Health Safety
FPSO	Floating Production, Storage and Offloading	WOMP	Well Operations Management Plan
GCAC	Growth Centres Advisory Committee		
GST	Goods and Services Tax		
HSR	Health and Safety Representative		

# List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report	Contents of annual report	
17BE(a)	13	Details of the legislation establishing body	Mandatory
17BE(b)(i)	13	A summary of the objects and functions of the entity as set out in legislation.	Mandatory
17BE(b)(ii)	15	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Mandatory
17BE(c)	59	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers.	Mandatory
17BE(d)	N/A	Directions given to the entity by the Minister under an Act or instrument during the reporting period.	If applicable, mandatory
17BE(e)	N/A	Any government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	If applicable, mandatory
17BE(f)	N/A	Particulars of non-compliance with: (a) a direction given to the entity by the Minister under an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the entity during the reporting period under section 22 of the Act.	If applicable, mandatory
17BE(g)	27	Annual performance statements in accordance with paragraph 39(1)(b) of the Act and section 16F of the rule.	Mandatory
17BE(h),17BE(i)	N/A	A statement of significant issues reported to the Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with finance law and action taken to remedy non-compliance.	If applicable, mandatory
17BE(j)	103	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	17	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Mandatory
17BE(ka)	106	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: (a) statistics on full-time employees; (b) statistics on part-time employees; (c) statistics on gender; (d) statistics on staff location.	Mandatory
17BE(l)	3	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory
17BE(m)	59	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory
17BE(n),17BE(o)	70	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	If applicable, mandatory

		<p>aggregate of those transactions, is more than \$10,000 (inclusive of GST):</p> <p>(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</p> <p>(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.</p>	
17BE(p)	62	Any significant activities and changes that affected the operation or structure of the entity during the reporting period.	If applicable, mandatory
17BE(q)	N/A	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the entity.	If applicable, mandatory
17BE(r)	67	<p>Particulars of any reports on the entity given by:</p> <p>(a) the Auditor-General (other than a report under section 43 of the Act); or</p> <p>(b) a Parliamentary Committee; or</p> <p>(c) the Commonwealth Ombudsman; or</p> <p>(d) the Office of the Australian Information Commissioner.</p>	If applicable, mandatory
17BE(s)	N/A	An explanation of information not obtained from a subsidiary of the entity and the effect of not having the information on the annual report.	If applicable, mandatory
17BE(t)	60	Details of any indemnity that applied during the reporting 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).	If applicable, mandatory
17BE(taa)	108	<p>The following information about the audit committee for the entity:</p> <p>(a) a direct electronic address of the charter determining the functions of the audit committee;</p> <p>(b) the name of each member of the audit committee;</p> <p>(c) the qualifications, knowledge, skills or experience of each member of the audit committee;</p> <p>(d) information about each member's attendance at meetings of the audit committee;</p> <p>(e) the remuneration of each member of the audit committee.</p>	Mandatory
17BE(ta)	100	Information about executive remuneration.	Mandatory





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