

21- 22

Annual Report



NOPSEMA
Australia's offshore energy regulator

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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 2022.

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 List of requirements 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.

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Letter of transmittal

The Hon Madeleine King, MP
Minister for Resources
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 2022.

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 2021–22 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 2021–22.

Yours sincerely,

Stuart Smith
Chief Executive Officer



21 September 2022

PART 1: Year in review

Chief executive review

I am pleased to release the Annual Report for the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), for the financial year 2021-22 (FY22).

Despite much of the world dealing with high COVID-19 rates over the last two years, FY22 was the first in which Australia had to contend with widespread community infections.

Fortunately, the oil and gas industry – an industry used to crisis planning - had taken the threat seriously over the previous two years and was well prepared for both the re-opening of our country's international and domestic borders and also the establishment of a new normal of living with the virus.

Pleasingly, the arrangements put in place to mitigate transmission of the virus were largely successful and the industry was able to continue operations safely, despite the high caseloads experienced across the country and impacts on the workforce.

NOPSEMA continued to scrutinise and examine the arrangements in place for managing the risk of COVID-19 transmission at offshore facilities as well as the management of OHS risks at facilities as companies implemented controls to address the impacts of transmission in the community and offshore. While inspections indicated industry had appropriate and reasonable arrangements in place for limiting transmission, it was identified more could be done to address the psychosocial impact of the virus on the offshore workforce in particular.

Efforts to combat COVID-19 inevitably resulted in travel restrictions, longer swing patterns and extended separation from loved ones, all of which can contribute to psychological distress or injury to the workforce, with the associated risk of an increase in accidents and dangerous occurrences.

To assist the industry, NOPSEMA published guidance on how to manage these risks and surveyed facility operators to identify and share better practices for managing the ongoing health risks of the virus – be they psychological, physical or both.

As we enter our second year of living with the virus NOPSEMA encourages the industry to remain vigilant. As ever, NOPSEMA will continue to monitor the situation and the accompanying risk factors into the next financial year.

This financial year also saw an increased focus on engagement with First Nations peoples. I'm proud to say this included NOPSEMA progressing our own reconciliation journey with the launch of our Reconciliation Action Plan (RAP).

A key part of our RAP was a formal commitment to develop greater cultural awareness externally and internally and strengthen our relationships with First Nations peoples.

Elsewhere, NOPSEMA has continued its focus on decommissioning, issuing four general directions over the last year to titleholders regarding their decommissioning obligations. These directions reinforce for titleholders NOPSEMA's expectations regarding decommissioning and reiterate our commitment to ensuring decommissioning occurs in a timely manner.

Decommissioning efforts were also bolstered by the trailing liability provisions coming into effect at the beginning of the financial year. These provisions allow the Australian Government to call back previous titleholders to carry out and pay for decommissioning costs and environmental remediation if the current titleholder cannot meet its financial obligations. These measures, to be used as an avenue of last resort, also apply to corporate entities or people related to the current or former titleholder. The measures are designed to ensure the costs and liabilities associated with decommissioning will be borne by the petroleum industry and do not become the responsibility of the government or the Australian taxpayer.

This financial year has also seen an increase in global awareness and action surrounding the issue of climate change. Community expectations on emissions reduction have risen and the majority of the industry has been responding to these changes. NOPSEMA has required companies to adopt plans of management for both direct and indirect green-house gas emissions and will see emission reduction from petroleum activities continuing to be an area of focus for NOPSEMA and the industry globally. NOPSEMA also anticipates submissions of permissioning documents for green house gas exploration and storage activities following the Offshore Greenhouse Gas Storage Acreage Release 2021 process to support carbon capture and storage opportunities.

Looking ahead, the next year promises to be exciting with the continued expansion of NOPSEMA's remit to include activities such as the regulation of offshore renewables.

This new function is called the Offshore Infrastructure Regulator (OIR) and has responsibility for overseeing work health and safety, infrastructure integrity, environmental management and financial security of offshore electricity transmission and offshore renewable energy infrastructure activities.

Funding for this new function comes as a special appropriation directly from the government and will continue until industry activity results in sufficient and separate renewables levies. This separation from other NOPSEMA funding ensures there is no cross-subsidisation occurring with NOPSEMA's work under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS Act).

I note this will be my final annual report as the Chief Executive Officer of NOPSEMA after having served in the role for the past eight years. I am pleased to be able to leave the agency having served a tenure in which there have been no fatalities or major accident events including environmental incidents within Australia's offshore oil and gas industry.

NOPSEMA has proven itself to be an efficient and effective regulator - confirmed by multiple independent reviews - that is 'appropriately focused in bringing about improvement in OHS, well integrity and environmental management across the offshore oil and gas industry.'

Key to our success has been our approach to stakeholder engagement, including a commitment to broad engagement with duty holders, government, workforce representatives, peak industry bodies, environmental NGOs, fishing groups and the wider community.

Such an approach can only be effective when our stakeholders are also open to engagement, so NOPSEMA has appreciated their willingness to participate constructively in dialogue and focus on solutions.

I've found my time as the CEO of NOPSEMA to be extremely fulfilling and wish nothing but the best for the organisation and my successor as they embark on an exciting new chapter for offshore energy in Australia.

Finally, I'd like to acknowledge the commitment and dedication of NOPSEMA staff, together with the support of NOPSEMA's Advisory Board and our respective ministers over the last financial year and throughout my tenure at NOPSEMA.

Financial performance

In FY22, NOPSEMA's financial result was a surplus of \$5.4 million. NOPSEMA's total revenue for the year was \$42.7 million, comprising \$40.4 million in revenue from levies and fees, \$1.5 million in appropriations from the Australian Government, and \$0.8 million in other revenue.

The appropriations received from the Australian Government were to support the establishment of regulatory functions for offshore electricity infrastructure, independent to NOPSEMA's existing cost-recovered functions, and the Digital Transformation Plan.

NOPSEMA's total expenses for the year were \$39.6 million with 76% of total expenses related to employees including associated recruitment and training. The major expense categories were employee benefits \$30.2 million, suppliers \$5.1 million and depreciation and amortisation \$4.3 million.

NOPSEMA continues to carefully manage staffing levels to ensure it can effectively perform its regulatory functions. Notwithstanding the increase in employee costs, NOPSEMA remains financially viable with sufficient cash balances to meet future commitments.

NOPSEMA is forecasting a budget deficit of \$3.1 million for 2022–23 as a result of increased costs required to fulfil our traditional and expanding regulatory functions.

Strategic compliance focus areas

Preventing major accident events

Programs targeting this focus area included:

- identification and management of the human factors influencing the workforce, such as mental health and fatigue
- key safety management systems, the use of management of change, operational risk assessment, performance standards and other tools
- management of maintenance with a particular focus on the corrosion of ageing assets, ensuring facilities are maintained appropriately until decommissioning.

Preventing loss of well control

Programs targeting this focus area included:

- titleholder and drilling contractor interfaces, including management system interfaces and management of change
- consistent standards for well-barrier diagrams, well failure models and terminology in the industry to promote a common language for communicating well integrity risks and controls
- standardisation of methods for calculating pore pressure and fracture gradients to improve industry's ability to predict possible failure pathways and conditions.

Responsible asset stewardship

Programs targeting this focus area included:

- ensuring duty holders have appropriate plans for decommissioning and are executing those plans in a timely manner
- providing certainty to industry regarding decommissioning obligations, including issuing guidance in relation to relevant legislative provisions and developing and publishing the decommissioning compliance plan
- supporting capacity building for decommissioning in industry, including supporting research, supporting collaboration, and sharing of resources and establishing a property register

Effective oil pollution emergency preparedness

Programs targeting this focus area included:

- maintaining a compliance focus on operational matters including incident management team capability, source control capability, selection and use of dispersants, availability and capability of oil spill response providers and international response arrangements
- promoting cooperative solutions with titleholders through collaboration with industry representative bodies, the Oil Spill Risk Forum, and major oil spill response organisations
- participate in the National Plan Review and collaborate with the Department of Industry, Science, Energy and Resources to review the strengths and limitations of the offshore petroleum spill response framework, aiming to clarify and simplify arrangements and inform potential policy and legislative change.

Regulatory activities

During 2021–22, NOPSEMA:

- assessed 199 submitted key permissioning documents, with 98% notified within the legislated time frame
- assessed 213 other regulatory submissions
- undertook 112 inspections from which 338 recommendations for improvement were issued
- investigated 670 reports of notifiable incidents, 14 complaints and 311 instances of non-reportable incidents and information provided by third parties (*Note – there was a significant increase in information provided by third parties (311 vs 37 in the previous year) due to COVID-19 reports from operators being entered into our system*)
- issued three prohibition notices, six improvement notices, seven directions, 10 requests for revised permissioning documents and seven written advice/warnings
- participated in 912 stakeholder engagement activities.

PART 2: NOPSEMA overview

Enabling legislation and principal functions

NOPSEMA is an independent statutory authority established under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS 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 persons on matters relating to OHS, structural integrity of facilities, wells and well-related equipment, 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.

Jurisdiction

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

NOPSEMA also regulates the health and safety and structural integrity of petroleum and greenhouse gas storage activities in the coastal waters of Victoria following conferral of state powers and functions to NOPSEMA.

Discussions regarding the conferral of powers and functions continues with other jurisdictions.

Vision, purpose, approach & values

Our vision

A protected offshore workforce and environment.

Our purpose

To assure the protection of lives and the environment.

Our approach

Influence | Oversee | Enforce

Our values

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

Our outcome

NOPSEMA has a single outcome set by the Australian Government and outlined in the [2022-23 Portfolio Budget Statements](#). Our outcome is to 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. Our [Corporate Plan 2020–25](#) articulates how we seek to achieve this outcome and how achievement and success is measured.

Our ministers

As of June 30 2022, NOPSEMA's ministers were:

- [The Hon. Madeleine King MP, Minister for Resources](#)
- [The Hon. Tanya Plibersek MP, Minister for the Environment and Water](#)
- [The Hon. Chris Bowen MP, Minister for Climate Change and Energy](#)
- [The Hon. Jaala Pulford MLC, Minister for Resources, Victoria](#)

Executive

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 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 Mining and Petroleum 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 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. He is also a Churchill Fellow and a graduate of the Australian Institute of Company Directors.

Nicholas Page, Director for the Office of the Chief Executive

Nicholas Page was appointed as Director, Office of the Chief Executive in May 2021 after five years as NOPSEMA's Legislative Change, Communications and Stakeholder Relations Manager, where he was responsible for engagement activity driving regulatory reform and strengthening external relationships.

Leading the Office of the Chief Executive, Nicholas oversees NOPSEMA's communications, legislative, and regulatory improvement functions, and is principal advisor to NOPSEMA's CEO and executive leadership team.

With over 15 years' experience in the public sector, Nicholas has a strong record for government relations and ministerial liaison, including roles representing the Australian Government overseas. Prior to joining NOPSEMA, Nicholas held communications leadership roles with the Australian Federal Police and the CrimTrac Agency (now the Australian Criminal Intelligence Commission).

Nicholas holds Certified Practising Marketer and Chartered Manager accreditations and is a Fellow of the Australian Marketing Institute. Nicholas' qualifications include a Bachelor of Communication from Griffith University, a Postgraduate Diploma in Professional Marketing from the Chartered Institute of Marketing (UK), and a Master of Business from the Queensland University of Technology.

Derrick O'Keeffe, Head of Safety and Integrity

Derrick O'Keeffe was appointed NOPSEMA's Head of Safety and Integrity in December 2016, following a 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 Master of Business Administration from Cranfield University and is a graduate of the Australian Institute of Company Directors.

Cameron Grebe, Head of Environment, Renewables and Decommissioning

Cameron Grebe was appointed NOPSEMA's Head of Environment in August 2011, and in May 2021 the division was expanded to include decommissioning as part of the Australian Government's agenda to increase focus on aging offshore infrastructure. Since 2021, the division has also been responsible for the project lead supporting the government's establishment of the offshore renewables framework culminating in the commencement of the Offshore Infrastructure Regulator in June 2022.

Prior to NOPSEMA, Cameron spent 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.

At NOPSEMA Cameron is responsible for leading the agency'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 environment specialists to improve environmental management outcomes and NOPSEMA's regulatory activities, which necessitates substantial stakeholder engagement. 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.

Suzanne Hillier, General Counsel and Director of Legal and Risk

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 and risk functions. This includes providing legal advice on contract and commercial issues, statutory interpretation, employment law and investigation and prosecution proceedings. She also manages the risk, internal audit and assurance functions for the agency. Suzanne 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.

Julie Kordic, Head of Corporate and Financial Assurance

Julie Kordic was appointed acting Head of Division, Corporate and Financial Assurance in January 2022, following three years as NOPSEMA's Chief Financial Officer.

Julie brings to NOPSEMA 15 years of experience as a chief financial officer and director in the resources industry, with significant experience in strategic leadership across multiple corporate services functions, business financial management and corporate governance.

Prior to joining NOPSEMA Julie held the role of Director Corporate Services at the Chamber of Minerals & Energy, and before that held the title of chief financial officer and company secretary at a number of resource companies.

As the acting Head of Division, Julie is responsible for overseeing NOPSEMA's corporate functions including human resources, finance and budget management and information technology. She is also responsible for delivering regulatory functions including independent investigations, financial assurance, and statutory reporting.

Julie is a Chartered Accountant and Fellow of the Governance Institute of Australia and holds a Bachelor of Commerce from the University of Western Australia and a Graduate Diploma of Applied Corporate Governance.

Karl Heiden, Head of Corporate and Financial Assurance

Karl ended his term as Head of Corporate and Financial Assurance in February 2022.

Karl Heiden was appointed NOPSEMA's Head of Corporate and Financial Assurance in May 2021. Prior to this Karl spent six years as Head of Regulatory Support and four years as an Environment Manager assisting the inception and implementation of NOPSEMA's regulation of environmental management.

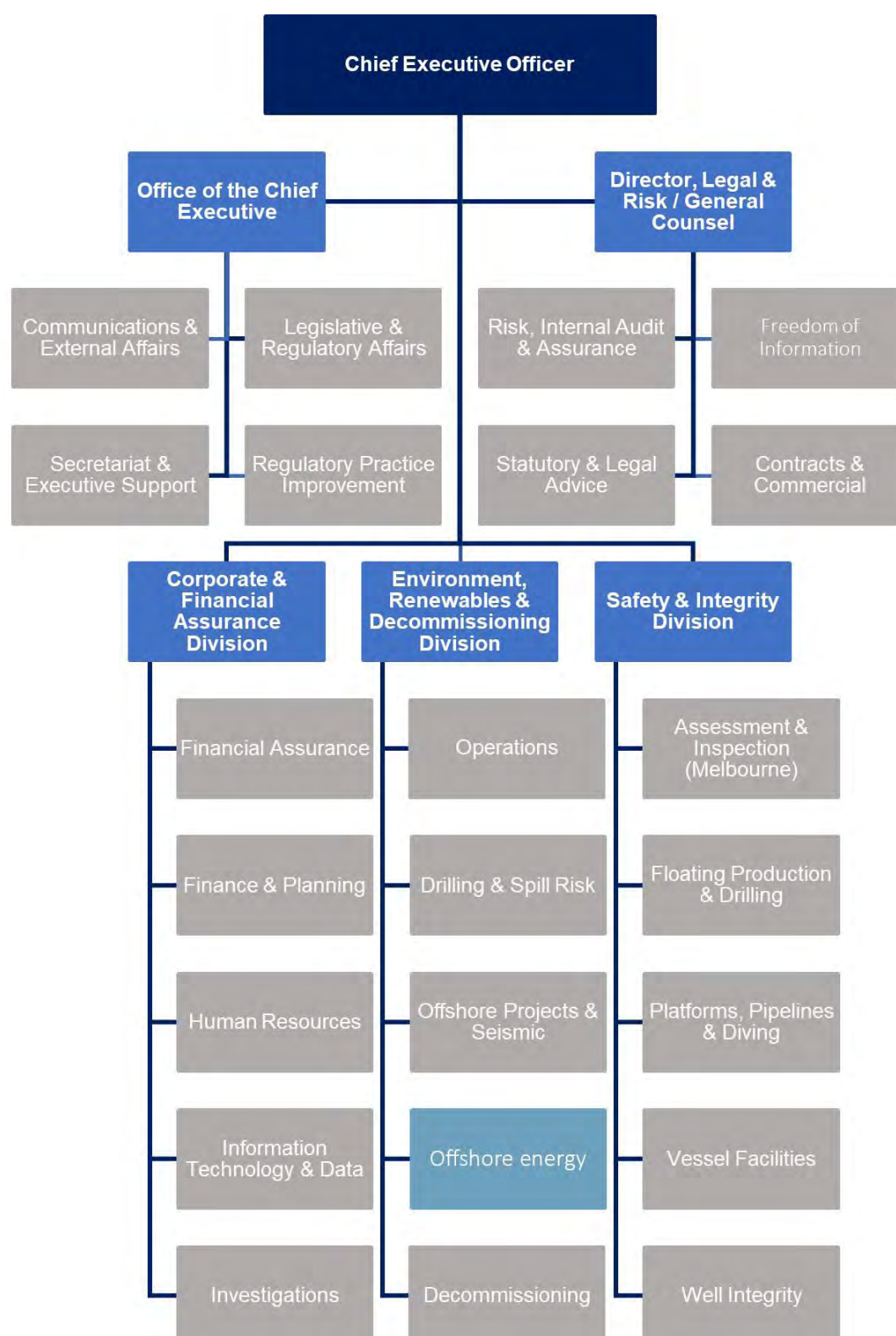
Karl has extensive experience working in Canberra, having spent 12 years in a number of senior advisory roles for various federal government departments and ministers. At the Department of Fisheries and Forestry, Karl was responsible for the administration of the \$250 million Tasmanian Community Forest 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, 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 functions including independent investigations, financial assurance, and statutory reporting.

Karl holds a Bachelor of Economics from the University of Tasmania and a Masters in Environmental Science from Monash University. He is also a graduate of the Australian Institute of Company Directors.

Organisational structure

NOPSEMA comprises of the Office of the Chief Executive, Office of the General Counsel, a Corporate and Financial Assurance division, Environment, Renewables and Decommissioning division and Safety and Integrity division; each reporting to the Chief Executive Officer (CEO). This structure provides NOPSEMA with clear lines of responsibility that support sound corporate governance, stakeholder engagement and compliance efforts.



PART 3: Management & accountability

Accountable authority

The Chief Executive Officer (CEO) is the accountable authority of NOPSEMA.

		Period as the accountable authority within the reporting period	
Name	Position/title	Date of commencement	Date of cessation
Stuart Smith	CEO	01/07/2021	17/09/2021
		28/09/2021	24/11/2021
		07/12/2021	14/01/2022
		26/01/2022	18/02/2021
		08/03/2022	30/06/2022
Derrick O'Keeffe	Acting CEO	25/11/2021	06/12/2021
Suzanne Hillier	Acting CEO	18/09/2021	27/09/2021
Cameron Grebe	Acting CEO	19/02/2022	07/03/2022
Nicholas Page	Acting CEO	15/01/2022	26/01/2022

Corporate governance

Overall responsibility for the management of NOPSEMA is vested in its CEO. The OPGGS Act vests the CEO with all the legal powers and functions assigned to NOPSEMA. The CEO, with the approval of the Minister, may delegate his/her authority for the day-to-day operations of NOPSEMA to the Head of Safety and Integrity, the Head of Environment, Renewables and Decommissioning, the Head of Corporate and Financial Assurance, the General Counsel or the Director of the Office of the Chief Executive.

The OPGGS Act requires NOPSEMA to report on its investigations, as appropriate, to the responsible Commonwealth, State and Northern Territory petroleum ministers. Under streamlined environmental authorisation arrangements, endorsed under the EPBC Act, NOPSEMA is also required to report to the Minister for the Environment and Water on its compliance with streamlining commitments (See EPBC Streamlining performance report 2021–22).

The responsible Commonwealth minister may, after consulting with the relevant State or Northern Territory petroleum ministers, issue policy principles to NOPSEMA to direct the way it fulfils its legislative functions. These policy principles do not extend to NOPSEMA's regulatory decision-making.

As a Commonwealth statutory authority and corporate entity, NOPSEMA has statutory obligations under the *Public Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). NOPSEMA ensures compliance with these obligations through its corporate governance arrangements.

Risk and fraud control

NOPSEMA is strongly committed to governance that involves effective and robust internal controls and a highly ethical culture. It is a key responsibility of all NOPSEMA officials to safeguard NOPSEMA's property against loss through fraud, corruption or negligence and to support fraud and corruption control efforts. NOPSEMA's risk management framework conforms to AS/NZS ISO 31000:2018 Risk Management - Guidelines and aligns with the Commonwealth Risk Management Policy. The framework facilitates the management of all reasonably foreseeable organisational risks. NOPSEMA also implements a Fraud and Corruption Control plan that seeks to protect public money, information and property and the integrity and good reputation of NOPSEMA.

Audit and Risk committee

The Audit and Risk Committee is established by the Accountable Authority in compliance with section 45 of the PGPA Act and section 17 of the Public, Governance, Performance and Accountability Rule. The Committee Charter (published at nopsema.gov.au) outlines the purpose, membership, key functions and responsibilities of the committee, as part of the overall financial governance structure of NOPSEMA.

Member name	Qualifications, knowledge, skills or experience (include formal and informal as relevant)	Term	Number of meetings attended	Total annual remuneration (GST inc.)	Additional information
Ann Hughes (Chair)	Ann is presently Director of Strategy and Governance for the WA Department of Fire and Emergency Services and previously had significant career experience in the resource and oil and gas industries. Ann's key areas of expertise are governance, strategy, performance, risk, internal control and compliance. Ann has held previous roles on Audit and Risk Committees.	Commenced 18/01/2020	3	Nil	NA
Tony Walsh	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. He is currently Company Secretary of Battery Minerals Limited, Great Western Exploration Limited, Magmatic Resources Limited and Legend Mining Limited. 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.	Initially commenced 08/07/2016. Most recent term commenced 01/07/2020	4	\$2,400	NA
Jason Beeley	Jason holds a BA Hons (Oxon), Dip Strategic Studies. Jason joined the WA Office of the Auditor General in 2006, following 5 years as a commercial and general manager in the defence and technology sectors. Jason previously worked with the UK National Audit Office conducting and managing value for money studies, mainly of the Ministry of Defence. He was appointed Assistant Auditor General in 2009.	Commenced 05/11/2020	4	Nil	NA

People management

As at 30 June 2022, NOPSEMA had a headcount of 141 employees and a full-time equivalent of 136.28, comprising ongoing and non-ongoing (including casual) employees.

Throughout FY22, 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 continued to respond in accordance with relevant health orders in the continued management of the COVID-19 pandemic.

NOPSEMA continued to support staff mental wellbeing during the course of the pandemic. A *Supporting Mental Health Wellbeing* roadmap developed to provide employees with a guide to activities and resources has been reviewed and updated, while access to an online wellbeing platform was also made available.

Human resource management policies and procedures were reviewed and updated to ensure alignment with the APS Commissioner's Directions issued in early 2022.

NOPSEMA identified the need for and progressed a change management framework based on feedback from the 2021 APS Employee Census and change management training sessions, and in consultation with internal stakeholders.

Human resources strategy

The *Human Resources Strategy 2018 to 2022* was developed and implemented 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 elements:

- shaping the workforce;
- building workforce capacity;
- strengthening management and leadership capability;
- contributing to the preferred organisational culture; and
- improving HR service delivery.

During the reporting period, the following activities were undertaken in support of the Strategy.

- Learning and development opportunities including the Certificate IV in Government Investigations, the Diploma in Government Investigations, and Privacy Awareness training were made available to staff.
- All staff attended change readiness sessions, where there was opportunity to provide feedback on change management and suggestions for improvement.
- The review and update of the suite of HR policies and procedures continued in order to ensure people management practices remain aligned to relevant legislation and practices while maintaining relevance to business operations.
- Reviews of NOPSEMA's recruitment and selection process and NOPSEMA's remuneration and benefits framework were undertaken during the year.

- All positions within the agency were mapped to a job family as defined by the Australian Public Service Commission in preparation for further workforce planning activities.

The NOPSEMA Leadership team agreed and approved the Strategic Workforce Plan 2021-26 which identified a series of targeted programs to strengthen the authority's workforce capability and capacity.

Employee benefits

NOPSEMA offers 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 for 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.

Diversity and inclusion

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

Australian Public Service (APS) Employee Census

NOPSEMA participates in the annual Australian Public Service (APS) Employee Census. The Census collects information on the attitudes and opinions of NOPSEMA employees on a voluntary basis.

The results of the survey are presented to staff, who are provided with opportunity to make suggestions or address any areas of concern.

The survey results for 2021 are available in the APS Employee Census Report on NOPSEMA's website.

Standards of behaviour

Code of conduct

In 2021-2022, NOPSEMA continued to actively support and uphold the APS Values and Code of Conduct. NOPSEMA informs and educates staff on the APS Values 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.

Conflicts of interest

In order to fulfil our mission as an independent and professional regulator of the offshore energy sector, NOPSEMA has a strong policy to manage any real and apparent conflicts of interest. All employees must take reasonable steps to avoid any conflict of interest or other threats to the integrity of NOPSEMA. In addition, key management personnel must declare at least annually in writing their and that of their immediate family members, financial and other interests that could involve a real or apparent conflict 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 which includes quarterly check-ins that monitor and measure employee progress against agreed objectives and goals including learning and development plans.

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.

Throughout FY22, 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 (whether permanent, ongoing, non-ongoing, secondment or temporary staff) undergo a WHS induction. NOPSEMA has the required resources in place to comply with the *Work Health and Safety Act 2011* (Cth) (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 response to the ongoing COVID-19 pandemic, NOPSEMA has continued to take proactive action in line with public health advice and outcomes from ongoing WHS risk assessments. NOPSEMA decided to continue to strongly encourage all staff to take the COVID-19 vaccinations where appropriate.

A review of occupational health and safety policies and procedures has begun to ensure continued compliance with relevant legislation, codes and guidelines as well as alignment with International Standard ISO 45001-OHS Management Systems.

Programs and initiatives

NOPSEMA has delivered a range of WHS programmes and initiatives in its continued commitment to achieve targets specified in the Australian Work Health and Safety Strategy 2012-2022. These WHS programmes and initiatives are summarised in the table below.

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

Regular workplace hazard inspections are undertaken.

Ergonomic or medical assessments are provided for

- all new staff;
- any staff reporting injury or discomfort.

Mental health wellbeing information is provided to all staff. A *Supporting Mental Health Wellbeing* during COVID-19 roadmap that lists a range of resources to support mental health wellbeing during COVID-19 is in place and easily accessible via the agency's intranet. Staff also have access to an online wellbeing portal.

Regular medical assessments are undertaken for all inspectorate staff. All inspector employees at the EL1 or EL2 levels undergo a pre-employment medical assessment.

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

Health, safety and environment committee

The Health, Safety & Environment Committee (HSEC) provides an avenue for effective communication between senior management and staff on workplace health, safety and environmental management matters. The committee has 10 members and met five times in FY22 and published its meeting minutes on NOPSEMA's internal website. A biennial renewal of the membership of the committee was also undertaken during the period.

Incidents, investigations, and other matters

Under the WHS Act NOPSEMA is required to notify Comcare of any notifiable or dangerous incidents arising from the organisation's conduct of business or undertakings. In FY22 there were no notifiable or dangerous incidents.

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 FY22 no investigations were conducted and no notices were issued to NOPSEMA.

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.

Environmental performance

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 (ESD) and the environmental performance of its internal operations.

The principles of ESD (as defined by section 3A of the EPBC Act), are enshrined in the environment regulations administered by NOPSEMA. NOPSEMA seeks to ensure offshore petroleum and greenhouse gas activities are carried out in a manner consistent with the principles of ESD through its regulatory activities (assessment, compliance monitoring, enforcement, promotion and advice).

As an Australian Government agency responsible for implementing federal environment policy, NOPSEMA also supports the work of the Federal Government to meet Australia's global greenhouse gas and climate change commitments and associated legal frameworks. This includes legislative and other requirements in place to implement Australia's commitment to the 1997 Kyoto Protocol and the 2016 Paris Agreement to reduce greenhouse gas emissions by 43% below 2005 levels by 2030.

Reducing the environmental impact of our own operations is an important part of NOPSEMA's corporate responsibility. NOPSEMA's day-to-day operations are largely office-based and as such our environmental footprint is limited to our offices in Perth and Melbourne and associated activities such as travel.

NOPSEMA has an internal Environment and Sustainability Policy which drives measures to reduce the environmental impact of our operations. These measures 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

Inquiries and reviews

Senate Inquiry into Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions] and Treasury Laws Amendment (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions]

In November 2021 NOPSEMA appeared before the Senate Inquiry into Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions] and Treasury Laws Amendment (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions].

NOPSEMA provided evidence around the regulatory requirements of decommissioning the Northern Endeavour. In its final report issued after the hearings, the Committee recommended that both bills be passed.

Senate Inquiry into Australia's Oil and Gas Reserves

In August 2021 NOPSEMA was invited to give evidence at a public hearing for the Inquiry into Australia's oil and gas reserves. NOPSEMA took part by attending a hearing.

Senate Inquiry into the Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021 and Offshore Electricity Infrastructure Bill 2021

In September 2021 the Senate referred the Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021 and Offshore Electricity Infrastructure Bill 2021 to the Senate Environment and Communications Legislation Committee for inquiry. NOPSEMA welcomed the Inquiry, making a submission and appearing before the Committee. The Inquiry report, released in October 2021, acknowledged NOPSEMA's contribution to the Inquiry and recommended that the Senate pass both bills.

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. NOPSEMA attended three Supplementary Budget Estimates and Additional Budget Estimates hearings held by the Economic Legislation Committee on 25 October 2021, 14 February, and 7 April 2022.

Freedom of information

NOPSEMA is subject to the *Freedom of Information Act 1982* (FOI Act). NOPSEMA promotes the objectives of the FOI Act through proactive disclosure and transparency of its regulatory decisions and by promoting public participation and scrutiny of its operations. NOPSEMA publishes information on its website as required under the FOI Act's Information Publication Scheme.

PART 4: Annual performance statements

Introduction

These annual performance statements incorporate performance results for the NOPSEMA corporate plan and the new Regulator Performance Guide (RPG).

NOPSEMA has aligned the reporting requirements of its corporate plan and RPG 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 the agency'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 Regulator Performance Framework (RPF) was modified to become the Regulator Performance Guide (RPG) and transitioned into effect from 1 July 2021.

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 the FY22, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGs Act), and the Regulator Performance Guide (RPG).

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

21 September 2022

Entity purpose

To assure the protection of lives and the environment.

Portfolio Budget Statements (PBS) performance

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 and snapshot

NOPSEMA has fully or substantially met all targets for their key performance indicators (KPIs) as stated in the corporate plan for 2021–22. These results support the fulfilment of NOPSEMA's purpose to assure the protection of lives and the environment.

RPG	Key performance indicator (KPI) 20210-221 results snapshot		Results
Risk-based and data driven	1	Risk-based assessments are undertaken as per NOPSEMA policies, and decisions are made within required timeframes	+
	2	Risk-based inspections are conducted to meet policy targets in line with NOPSEMA policies	+
	3	Enforcement actions are undertaken in accordance with NOPSEMA policies	++
	4	Incidents are investigated in accordance with NOPSEMA policies	+
Collaboration and engagement	5	Analyse and publish industry-wide performance data each quarter, including issues and lessons learnt	++
	6	Demonstrate that feedback is sought from stakeholders on guidance provided where relevant	++
	7	Quarterly reports are provided for stakeholders, including relevant Ministers and the NOPSEMA Advisory Board	++
	8	Engagement is undertaken via the established cooperative mechanisms that are in place with identified relevant entities	++
Continuous improvement and building trust	9	Internal audits and improvements are undertaken in line with the quality management system	++
	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	++
	13	Inputs to new policy or legislative changes and preparations for commencing new functions in line with key milestones	++

Data quality

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

Key

All targets met	++
Targets substantially met	+
Targets not met	-

Glossary of acronyms and abbreviations

AELERT	Australian Environmental Law Enforcement and Regulators Network
AGCC	Australian Government Crisis Committee
AGM	Annual general meeting
AMP	Australian Marine Park
AMSA	Australian Maritime Safety Authority
ANAO	Australian National Audit Office
APPEA	Australian Petroleum Production and Exploration Association
APSC	Australian Public Service Commission
CCC	Crisis coordination centre
CEO	Chief Executive Officer
CERG	Community Environment Reference Group
COVID-19	Coronavirus disease 2019
DAWE	Department of Agriculture, Water and the Environment
DCCEEW	Department of Climate Change, Energy, the Environment and Water
DISER	Department of Industry, Science, Energy and Resources
DISR	Department of Industry, Science and Resources
DNP	Director of National Parks
DSMS	Diving safety management system
EAD	Environmental approvals division
EM	Environmental management
EMM	Enforcement management model
ENGO	Environment non-government organisation
EP	Environment plan
EPBC Act	<i>Environment Protection and Biodiversity Conservation Act 1999</i>
FA	Financial Assurance
FLNG	Floating liquefied natural gas
FOI	Freedom of Information
FPSO	Floating production, storage and offloading
GBRMPA	Great Barrier Reef Marine Park Authority
GBRMP Act	<i>Great Barrier Reef Marine Park Act 1975</i>
GL / GN	Guideline / Guidance Note
GOWRF	Global Offshore Wind Regulators Forum
HSR	Health and Safety Representative

IFAP	Industrial Foundation for Accident Prevention
IOPER	International Offshore Petroleum Environmental Regulators
IRF	International Regulators' Forum
IUCN zones	International Union for Conservation of Nature
KPI	Key performance indicator
MNES	Matters of National Environmental Significance
MSR	Management system representative
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority
NOPTA	National Offshore Petroleum Titles Administrator
NRCoP	National Regulator's Community of Practice
OEIA	<i>Offshore Electricity Infrastructure Act 2021</i>
OHS	Occupational Health and Safety
OIR	Offshore Infrastructure Regulator
OPP	Offshore project proposal
OR	Offshore renewables
OPGGSA	<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act</i>
PL	Policy
PSZ	Petroleum safety zone
QMS	Quality management system
RPF	Regulator Performance Framework
SC	Safety case
SOP	Standard Operating Procedure
SPE	Society of Petroleum Engineers
Spillcon	International Oil Spill Conference
UPR	Upstream petroleum resources
WHS	Work health and safety
WOMP	Well operations management plan

KPI Methodology, results and discussion

The overarching objective of the *Public Governance, Performance and Accountability Act 2013* (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 the agency's corporate plan and portfolio budget statements. This must be presented as an Annual Performance Statement in accordance with PGPA Act and Public Governance, Performance and Accountability Rule 2014 (PGPA Rule).

The appropriateness of NOPSEMA's performance reporting is reviewed annually by our audit committee

KPI details

Corporate plan KPIs are regularly monitored and reviewed each year as part of the annual corporate planning process. The KPI results are extracted from the regulatory management system (RMS) database and the electronic document records management system (EDRMS) that contain a range of information 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. Results for the previous four years are also included for comparative purposes.

KPI results

NOPSEMA uses the following indicators to denote the level of success in meeting the performance measure targets:

Key	
All targets met	++
Targets substantially met	+
Targets not met	-

Key Performance Indicator 1 – Assessment

KPI 1 Risk-based assessments are undertaken as per NOPSEMA policies, and decisions are made within required timeframes

Related KPIs	PBS 1, RPG – Risk-based and data driven				Target	100% ^[1]
	2017–18	2018–19	2019–20	2020–21	2021–22	
Methodology	98%	100%	98%	100%	99%	

NOPSEMA's assessment policy states that the detail of assessments will be proportionate to the level of risk and impact. Resources are allocated according to the size and complexity of the facility, project or activity, and permissioning document (submission). NOPSEMA makes this judgement based on its existing knowledge of the environment, facility, well, pipeline, diving operation, project or activity and the content of the permissioning document. NOPSEMA's assessment focuses on areas that contribute the largest proportion of risk and impact and on control measures and aspects of the safety management system or environmental implementation strategy that are most critical to risk and impact control.

Within the legislated timeframe, NOPSEMA may not necessarily assess every aspect of a submission but will carry out such evaluations as necessary to gain sufficient assurance to make the first assessment decision. The submission is typically assessed by using a sampling approach that provides NOPSEMA with sufficient assurance that the submission is fit for purpose. The scope and assessment brief of a submission may be reset at any time with management approval, for example in response to changing circumstances and/or new information.

NOPSEMA endeavours to ensure all assessments are notified within the legislated timeframes as stated in the safety, well integrity and environment regulations. Relevant information and NOPSEMA's assessment policies are published on our website. The result is calculated as the average of two metrics as follows:

- the percentage of key permissioning document assessments with risk-based scopes
- the percentage of key permissioning documents notified within legislated timeframes

Results The target has been fully or substantially met for the last five years.

To confirm assessments were undertaken in line with the risk-based elements, all assessment scopes were outlined in an assessment brief that was reviewed and approved by management. Below are the key permissioning documents included in the results for this KPI.

Key document type ^[2]	2017–18	2018–19	2019–20	2020–21	2021–22
Environment plan (EP)	37	37	45	27	52
Offshore project proposal (OPP)	1	3	5	2	2
Safety case (SC)	92	87	69	77	81
Well operations management plan (WOMP)	36	22	30	35	59
Diving safety management system (DSMS)	7	9	5	2	1
Petroleum safety zone application (PSZ)	3	1	4	2	4
Total key document type submissions	176	159	158	145	199
% Notified in time	95%	99%	97%	99%	98%
Total other^[3] assessments	243	190	221	197	213
Grand total assessments	419	349	378	342	412

During FY22 NOPSEMA received 199 submissions of the key permissioning documents listed above. Of these, six were stopped/cancelled, 159 are currently complete and 34 remain in progress. All had risk-based assessment scopes and briefs reviewed and approved by delegates of NOPSEMA. Two per cent of these submissions were not notified within legislated timeframes, as follows: three WOMPs were notified just one to two days late and one PSZ was 17 days late.

NOPSEMA also assessed 213 other submissions, compared to 197 last year. NOPSEMA continued to publish assessment data in several formats (e.g. numbers submitted, per cent notified in time, number rejected etc.) as both quarterly and annual datasets. All relevant assessments and submissions data is available on the NOPSEMA website.

^[1] The target was increased from 92% to 100% for 2021-22.

^[2] Assessment briefs are not required for WOMPs, DSMSs and PSZs as NOPSEMA processes do not require briefs to be issues and are assessed against standardised/specific requirements.

^[3] Includes diving start-up notices and project plans, scopes of validation, well activity applications and final abandonment reports, end of EP notices and EP summaries, safety zone access applications and title-related assessments.

Key Performance Indicator 2 - Inspections

KPI 2	Risk-based inspections are conducted in line with NOPSEMA policies				
Related KPIs	PBS 2, RPG – Risk-based and data driven			Target	100% ^[1]
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	99%	100%	100%	96%	93%

NOPSEMA plans inspections each year using a risk-based model and adjusts those plans accordingly as offshore activities vary and risks emerge. Inspections are used primarily to monitor duty holder compliance with the legislation, and ongoing implementation and compliance with accepted permissioning documents. In addition to planned inspections, other risk-based inspection types are also undertaken, e.g., special topic COVID-19 inspections. NOPSEMA scopes, schedules, and conducts inspections using a risk-based methodology that considers the following: relevant risk factors; previous performance and compliance history informed by inspections, investigations, incident history and other environmental and safety performance factors; industry incident trends; and responses to recommendations from previous inspections. The proposed scope of an inspection is prepared by a NOPSEMA inspector and approved by a representative of NOPSEMA. Inspections may be undertaken onshore at regulated business premises, remotely or offshore, and may also be multidisciplinary (combined types) to focus on the most pressing risks for an asset and provide timely technical advice to address a broad range of matters that may arise during an inspection. A single inspection can cover multiple facilities, activities, and wells. NOPSEMA's inspection policies are published on the website. A record of all inspections is entered into RMS, and all related documentation saved in EDRMS.

Results	The target has been fully or substantially met for the last five years.	+
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Table 1 shows the fixed facility inspections that have set targets in place and is the KPI result. Similar to last year, COVID-19 continued to affect inspection activity to a certain degree. The three facilities not inspected in FY22 are all scheduled for inspection in early the FY23.

Table 2 shows the number of inspections for disciplines (EM, OHS and WI).

Table 1. Fixed facilities		Facilities		
Facility type	Policy targets	Active	Inspected per policy	% Inspected
FPSOs	6 monthly or 2 per year	8	8	100%
Platform - manned	Multi-facility operators 1/y	11	8	79%
	Single facility operators 2/y	3	3	
Platform - not normally manned	Minimum once per 2 years	19	19	100%
Total		41	38	93%

Note in Table 2 below the total number of inspections prior to FY2021 also included COVID inspections and some incident investigations that were undertaken as an inspection. These types of incident investigations are now included in the KPI 4 investigation numbers.

Table 2. All inspections	2017–18	2018–19	2019–20	2020–21	2021–22
EM inspections	59	42	40	33	31
OHS inspections	109	123	110	62	63
WI inspections	10	10	7	23	18
Special topic COVID inspections			60		
Total inspections	178	175	217	118	112

^[1] The target was increased from 90% to 100% for 2021-22

Key Performance Indicator 3 - Enforcement actions

KPI 3 Enforcement actions are undertaken in accordance with NOPSEMA policies					
Related KPIs	PBS 3, RPG – Risk-based and data driven				Target 100%
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	100%	100%	100%	100%	100%

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. NOPSEMA's enforcement policy is published on its website. NOPSEMA inspectors are guided by this policy when choosing appropriate enforcement action(s) to obtain a responsible party's compliance with the legislation. An OHS improvement notice is issued if, in the opinion of the NOPSEMA inspector, there is a breach of the relevant legislation. An OHS prohibition is issued if, in the opinion of the NOPSEMA inspector, it is warranted to address an immediate threat to health or safety. In all enforcement actions, the ultimate intent is to meet the objectives of the relevant legislation. 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 are an intrinsic element of the decision-making process.

Results	The target has been met for the last five years.	++
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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. The results of all reviews of proposed enforcement actions were saved in EDRMS and the approved enforcement action types were 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:

Enforcement actions^[1]	2017–18	2018–19	2019–20	2020–21	2021–22
Improvement notices	10	16	13	6	6
Request for revised SC, EP or WOMP ^[2]	6	4	1	0	10
Intent to withdraw SC, EP or WOMP	0	0	1	0	0
Prohibition notices	1	1	4	0	3
Directions	5	7	3	15	7
Prosecution briefs	0	1	0	0	0
Non-statutory compliance actions					
Written advice/warnings	9	5	8	6	7
Total	31	34	30	27	33

The 10 requests for revised permissioning documents were for six EPs, three WOMPs and one SC.

The three prohibition notices were issued for serious injuries, corrosion and an oil spill.

^[1] Excludes verbal warnings/advice, investigation notices and do not disturb notices.

^[2] For WOMPS – this is a notice requiring variation to a well operations management plan.

Key Performance Indicator 4 - Investigations

KPI 4 Incidents are investigated in accordance with NOPSEMA policies

Related KPIs	PBS 4, RPG – Risk-based and data driven			Target	100% ^[1]
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	99%	98%	98%	100%	96%

NOPSEMA conducts investigations into the circumstances surrounding all incident and complaint notifications, to identify and share lessons learned with industry and stakeholders and in certain cases to seek evidence of non-compliance with the law as a basis for potential enforcement.

The level of investigations varies and depends on several factors, including the severity and range of potential or actual harm to persons and the environment, and on the seriousness of any potential breach of the law.

Most of the notifications received are reportable OHS incidents, typically 70–80%. All notifications are given a risk rating and are subject to an initial triage, review and investigation; this may then be escalated to a follow-up or more in-depth investigation. This KPI is measured as investigations completed.

An investigation may range from an inquiry by a single inspector about a minor incident to a comprehensive investigation of a significant incident, such as an oil spill likely to lead to significant environmental damage, or a serious injury or fatality, which would typically involve a team of inspectors and could lead to prosecution.

NOPSEMA investigations may be conducted offshore, at remote or at a regulated business premises, and on occasion NOPSEMA may also choose to follow-up further during a routine planned inspection.

Results	The target has been fully or substantially met for the last five years	+
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In FY22 995 notifications were received and all were triaged, reviewed and investigated at varying levels. A breakdown of the notification types is shown below for the last five years:

Notification type	2017–18	2018–19	2019–20	2020–21	2021–22
Reportable incidents ^[2]	438	474	480	541	670
OHS incidents	382	387	400	474	597
WI incidents	42	73	69	58	68
EM incidents	14	14	11	9	5
Not reportable notifications ^[3]	44	59	74	37	311 ^[4]
Complaints	15	9	19	10	14
Total incidents and complaints	497	542	573	588	995

A notification may result in multiple investigation levels and may involve multiple facilities, activities or wells. As such 923 investigations were conducted on the 995 notifications received.

The FY22 notifications and investigations resulted in a range of enforcement actions, including:

- prohibition notice for serious injuries resulting from dropped objects
- general direction for multiple issues in response to a flash fire on a platform
- improvement notice for lifting equipment suitability and integrity
- written warning for failure to notify NOPSEMA of an incident
- improvement notice for failing to stop work in response to an incident
- prohibition notice for loss of hull integrity resulting in an oil spill

^[1] The target was increased from 95% to 100% for 2021–22.

^[2] Include accidents, dangerous occurrences, environmental & well integrity incidents.

^[3] Include incidents below reportable thresholds and information provided to NOPSEMA., including coronavirus notifications.

^[4] This large increase is due to the number of COVID-19 notifications received

Key Performance Indicator 5 - Performance data

KPI 5 Analyse and publish industry-wide performance data each quarter, including issues and lessons learnt

Related KPIs	RPG – Collaboration and engagement				Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22	
Methodology	100%	100%	100%	100%	100%	100%

Quarterly datasets are published on our website comprising a series of tables and charts on industry performance and NOPSEMA's core regulatory activities. In addition, NOPSEMA regularly publishes:

- a quarterly magazine, The Regulator, that includes articles of lessons learned
- annual datasets, including annual performance information
- an EPBC Streamlining Performance Report summarising NOPSEMA's performance under the streamlined arrangements
- regulatory alerts and bulletins
- other news and media announcements.

NOPSEMA offers an online subscription service on its website for news, publications and media.

Results	The target has been met for the last five years.	++
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In FY22 NOPSEMA continued to undertake ongoing research and data analysis to inform regulatory decisions and promote improved industry performance. The following were published on the website:

- Datasets of quarterly and annual trends – Jul 21, Oct 21, Jan 22, and Apr 22
- The quarterly magazine, The Regulator – Jul 21, Oct 21, Dec 21, Mar 22 and May 22.

Quarterly updates "What's happening offshore" are included in the Regulator magazine, and annual performance information was published in The Regulator magazine in Jul 2021 that contained summary information, statistics for the last year and details of additional online resources. As at 30 June 2022, The Regulator magazine was sent to approximately 3000 subscribers with printed copies provided to various organisations representing duty holders, government and non-government stakeholders.

Data analyses were used to inform and support regulatory alerts, bulletins and/or articles of lessons learned published in The Regulator and on the website, as well as other liaison and promotional activities.

The alert was:

- Safety alert #73 – Lifting operations

The lessons learnt articles included:

- 2021 - Issue 3 – Misuse of management of change
- 2022 – Issue 1 - Better practice for managing COVID-19 risks
- 2022 - Issue 2 - Case study highlights decommissioning pitfalls

The following new or updated brochures, fact sheets and bulletins were published:

- Electric Arc Flash Management
- What to expect from a NOPSEMA inspection

The following types of articles were published over the last 5 years:

Article type	2017–18	2018–19	2019–20	2020–21	2021–22
Alert	5	1	3	1	1
Bulletin		1	5	1	2
Consultations	4	10	10	12	17
News/information	19	21	31	24	37
Total	28	33	49	38	57

Key Performance Indicator 6 - Guidance

KPI 6	Demonstrate that feedback is sought from stakeholders on guidance provided where relevant					
Related KPIs	RPG – Collaboration and engagement				Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22	
Methodology	100%	100%	100%	100%	100%	
<p>NOPSEMA seeks feedback from stakeholders on guidance^[1] provided via various methods e.g. via an online consultation hub, direct requests, workshops, forums, information sessions and/or meetings with various stakeholder groups. These groups may include the NOPSEMA Advisory Board, industry duty holders, CEOs and associations (e.g. APPEA), Health and Safety Representatives (HSRs) on offshore facilities during an inspection or special-interest groups such as unions, ENGOs and fishing peak bodies.</p> <p>NOPSEMA periodically reviews the adequacy of its guidance and communication mechanisms to ensure stakeholders maintain an understanding of the organisation’s functions, practices and processes, particularly with respect to risk assessment. As NOPSEMA offers numerous opportunities and mechanisms for stakeholders to provide feedback about NOPSEMA, including over 900 direct engagement activities for FY22 (see KPI 8), NOPSEMA does not typically undertake additional formal stakeholder engagement surveys.</p>						
Results	The target has been met for the last five years				++	
<p>In 2021–22, 16 guidance documents underwent external consultation that are published on the website:</p> <ul style="list-style-type: none">· Scope of validation for a proposed facility· Deaths and injuries - monthly summary reporting guideline· Financial assurance for petroleum titles guideline· Consultations with agencies with responsibilities in the Commonwealth marine area guideline· An overview of the safety case regime guidance note - Ageing Assets and life extension· Safety case lifecycle management guidance notes· Safety Case Content and Level of Detail· Hazard identification guidance note· Psychosocial risk management guidance note· Notification and reporting of accidents and dangerous occurrences guidance note· Oil pollution risk management guidance note· Human Factors information paper· Management of Hot Surfaces information paper· Planning for proactive decommissioning· Reducing marine pest biosecurity risks through good practice biofouling management· Ageing Assets and Life Extension						
<p>Other opportunities for stakeholders to provide feedback at presentations and workshops included:</p>						
Date	Session name/topic					
Jul 2021	NOPSEMA Cranes Safety Workshop					
Aug 2021	Intercontinental Well Intervention Seminar; HSER Forum					
Sep and Dec 2021, Jun 2022	DrillWell and DrillSafe Forum Presentations					
Nov 2021	Offshore Project Safe Forum					
Mar 2022	IOGP Safety Committee Workshop; Offshore Decommissioning in Asia					
May 2022	Decommissioning and Abandonment Conference, 2022 APPEA Conference					

^[1] Guidance includes guidelines, guidance notes and information papers

Key Performance Indicator 7 - Reporting

KPI 7 Quarterly reports are provided for stakeholders, including relevant Ministers and the NOPSEMA Advisory Board

Related KPIs	RPG – Collaboration and engagement				Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22	
Methodology	100%	100%	100%	100%	100%	100%

NOPSEMA has legislative requirements and agreements to keep relevant ministers, the NOPSEMA Advisory Board (the Board) and relevant stakeholders informed of industry and/or agency matters on a regular basis. There are a set of standard reports produced monthly, quarterly and/or annually. These reports generally have set deadlines and their accompanying transmittal records are saved in EDRMS. NOPSEMA team operating plans and the task management systems record the completion of these reporting tasks each quarter.

NOPSEMA submits operational and data reports to the Board comprising information on agency activities, data and trends related to industry and NOPSEMA performance. The Board may also request additional ad hoc data and information prior to, or during, for any of its quarterly meetings. Relevant information is then collated and provided to the Board accordingly.

Several reporting channels and ministerial reporting requirements are managed by various teams within NOPSEMA. Managerial oversight of these reporting tasks and relevant performance indicator results occurs regularly.

Results	The target has been met for the last five years	++
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Quarterly reports regarding industry health and safety, well integrity and environmental management performance and NOPSEMA's regulatory activity were transmitted to relevant Commonwealth, State and Territory Ministers in Aug 2021, Nov 2021, Mar 2022 and Jun 2022. Copies of these are also provided to the NOPSEMA Advisory Board each quarter.

Quarterly and annual datasets of industry and NOPSEMA performance are also provided for stakeholders on NOPSEMA's website and references included in The Regulator magazine.

NOPSEMA also submitted reports to various other relevant ministers and departments as per legislated or administrative requirements, as per examples below:

- | | |
|---|--|
| · EPBC annual and 5-year review reports | · Legal expenditure reports |
| · APSC reports | · FOI reports |
| · Finance and budget reports | · Agency tenders and contracts reports |
| · IT security reports | |

The Board was also provided copies of divisional and team operational reports, and various presentations, information, updates, and reports on topical and emerging issues. Some examples are listed below:

- | | |
|--------------------------------------|--|
| · Progress of legislative changes | · Process safety |
| · Critical infrastructure resilience | · Safety performance |
| · Environment update | · Mental health in the offshore industry |

Key Performance Indicator 8 - Stakeholder engagement

KPI 8	Engagement is undertaken via the established cooperative mechanisms in place with identified relevant entities					
Related KPIs	RPG – Collaboration and engagement				Target	100%
	2017–18	2018–19	2019–20	2020–21		2021–22
Methodology	100%	100%	100%	100%		100%
<p>NOPSEMA engages with a wide range of stakeholders including duty holders, contractors, consultants, service providers, industry, government representatives (international, federal, state, and local), regulators, academia, offshore workforce, HSRs, industry peak bodies, unions, non-government organisations and the community.</p> <p>NOPSEMA has established cooperative mechanisms to interact with relevant stakeholders and records of all interactions are saved. A register is maintained that contains information about NOPSEMA’s advice and promotional activities with external stakeholders. These interactions vary in nature and include in-person and/or written exchanges of information, working groups, forums, meetings, reports, updates, subscription services, web-portal submissions and other email and telephone exchanges. NOPSEMA also maintains a consultation hub on our website for public participation e.g. proposed or updated guidance, environment plans, offshore project proposals etc.</p> <p>NOPSEMA continues to implement plans to improve community confidence in the offshore petroleum regime through the transparent disclosure of relevant and appropriate information, focused regulatory effort on areas of poor consultation practice, increased frequency of community input to better understand their views e.g. via CERG¹², and increased transparency of NOPSEMA’s decision-making processes.</p> <p>NOPSEMA is also a member of various groups including:</p> <ul style="list-style-type: none">· International Regulators’ Forum (IRF) and International Offshore Petroleum Environmental Regulators (IOPER) - groups of national regulators in the offshore oil and gas industry who provide leadership and drive forward health and safety and environmental management improvements to raise performance standards via information sharing and collaboration on joint programmes.· Australian Environmental Law Enforcement and Regulators Network (AELERT) and National Regulator’s Community of Practice (NRCoP) - to access the collective wisdom of the regulators and provide staff with opportunities for professional development targeted at regulators.· Major Hazard Facilities Forum - a group to share industry best practice with the aim of improving safety outcomes and reducing risk at Major Hazard Facilities· Industry OHS Forum - a tripartite committee of industry, unions and government· Global Offshore Wind Regulators Forum - a group of international regulators with a shared interest in licensing, approvals and oversight of the offshore wind industry: to strengthen co-operation and discuss important issues related to this rapidly growing industry.						
Results	The target has been met for the last five years					++
<p>NOPSEMA reports stakeholder engagement information in quarterly reports to ministers and the Board, NOPSEMA’s own ‘Regulator’ magazine, and on the NOPSEMA website. There were 912 stakeholder engagement activities in 2021–22, a 9% decrease from 2020–21 engagements.</p>						

Year	2017–18	2018–19	2019–20	2020–21	2021–22
Number of engagements	820	902	1093	999	912
NOPSEMA presented at 24 of these engagements, including meetings, briefings, workshops, seminars and conferences. Some of these presentations are published on the NOPSEMA website. Recurring engagements are also undertaken with selected stakeholders as follows:					
Stakeholder	2019–20	2020–21	2021-22	Types	
DISER/DISR	39	51	61	Quarterly heads of agency and legislative change meetings	
DAWE/DCCEEW	41	47	54	GHG guidance, fisheries/seismic, frameworks, standing deed, offshore renewables	
State agencies	27	22	14	Regular liaison, information exchanges, presentations etc.	
APPEA	67	41	47	Regular, topical meetings e.g. seismic, Board presentations	
As well as the membership in the groups and forums noted previously, NOPSEMA also maintains a suite of other collaborative networks, including:					
Australian Petroleum Production and Exploration Association (APPEA) working groups			Facilitating high-level feedback and input with petroleum industry representatives on safety and environmental compliance and NOPSEMA regulatory activities.		
National Plan Strategic Coordination Committee (NPSC)			Strategic coordination of the National Plan for Maritime Environmental Emergencies in Australian waters.		
Australian Government National Plan Committee (AGNPC)			Coordinating Australian Government arrangements under the National Plan for Maritime Environmental Emergencies.		
National Plan for Maritime Environmental Emergencies (NPMEM)			Maintaining and discussing existing state and industry arrangements for offshore petroleum environmental emergencies in WA, SA, Vic and adjacent Commonwealth waters.		
Marine Pollution Preparedness and Response Technical Groups			Development of operational policy with respect to the prevention, preparedness, response and recovery for marine pollution incidents, in accordance with NPMEM.		
AMSA Environment and Scientific Coordinators Workshop			Information exchange and knowledge-building on environmental aspects of oil spill response planning and decision making.		
North West Cape Cooperative Forum (NWCCF)			Improving effectiveness and efficiency of oil spill preparedness and response in the northwest region of Western Australia.		
National Environmental Science Program (NESP)			Providing end-user perspectives on research priorities and proposals made under the National Science Program.		

WA Marine Science Institution (WAMSI)	Effects of Decommissioning Offshore Infrastructure: steering committee and forum to allow engagement between stakeholders relevant to decommissioning and ensure projects meet objectives.
	Blueprint for Marine Science Initiative Implementation Strategy: a foundation for a long-term collaboration between all sectors operating in the marine environment
Western Australian Premier's Roundtable for Marine Science	Network developed with relevant sectoral leaders to identify mandate for, and direction of, change in marine science in WA.
Commonwealth Biosecurity Networks	To facilitate stakeholder input on proposed changes to marine biosecurity arrangements in Australia.
Western Australian Marine Biosecurity Workshop	Facilitating stakeholders' input on successes, challenges, and developments in marine biosecurity management in WA.
ACTU Bilateral meetings	Information exchange and discussion of matters of mutual interest.
Community Environment Reference Group (CERG)	Community perspectives on specific matters of interest to NOPSEMA relevant to offshore energy environmental management to help guide NOPSEMA's approach to environmental management regulation.
Blue Economy Cooperative Research Centre	The Blue Economy CRC brings together 43 industry, government, and research partners from ten countries with expertise in aquaculture, marine renewable energy, maritime engineering, environmental assessments and policy and regulation.

Key Performance Indicator 9 - Audit and Improvement

KPI 9 Internal audits and improvements are undertaken in line with the quality management system

Related KPIs	RPG – Continuous improvement and building trust				Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22	
Methodology	100%	100%	100%	100%	100%	100%

NOPSEMA's quality management system (QMS) is comprised of multiple series of policies and procedures, including a series regarding management of the QMS. An annual audit plan is prepared with reference to NOPSEMA's risk register, the audit history, and by obtaining strategic input from the executive. The types of audits undertaken range from focused follow-up audits and surveillance audits to broader compliance audits and internal financial controls audits through to very extensive in-depth core process management reviews.

In addition to audits, improvement projects (of varying complexities) are undertaken as opportunities are identified. Some of the improvements identified result from the audits and reviews, and others may be continuous improvements proposed via feedback from staff and/or the series managers.

The annual audit and improvement report records the quality assurance details that demonstrate audits and improvements are undertaken in line with the quality management system.

Externally initiated reviews and inquiries such as ANAO audits or legislated operational reviews are not included in this KPI.

Results	The target has been met for the last five years.	++
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During FY22, NOPSEMA:

- undertook an average of 3 audits per quarter
- made improvements to a number of QMS series containing our policies and processes.

The numbers of audits and reviews undertaken each year vary depending upon the scale and complexity of the activity undertaken. For example, undertaking a larger number of focused audits typically requires less resources than those required to undertake the very extensive reviews.

Scopes for the next planned management reviews for assessments and enforcements remain under development.

Key Performance Indicator 10 - Feedback

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

Related KPIs	RPG – Continuous improvement and building trust			Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	100%	100%	100%	100%	100%

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.

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 feedback, requests for review and complaints within three workdays.

Note: Complaints submitted from, or 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 here; please see KPI 4.

Results	The target has been met for the last five years				++
Type	2017–18	2018–19	2019–20	2020–21	2021–22
Feedback	3		1		
Complaints	1	1	1		
Requests for review			1		
Total	4	1	3	0	0

In FY22, NOPSEMA received no complaints (about the agency or its processes), feedback suggestions, or requests for review to help us improve.

NOPSEMA is always open to receiving feedback from its stakeholders. All submissions are processed, reviewed, analysed, and actioned accordingly.

We primarily use the following tools and mechanisms to manage feedback and complaints:

- 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.
- Publishing guidance on contact methods, submitting feedback or complaints, and requesting a review.

Key Performance Indicator 11 - Human Resources

KPI 11	Resourcing levels and skills are maintained within establishment requirements				
Related KPIs	RPG – Continuous improvement and building trust			Target	90%
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	100%	100%	100%	94%	100%
<p>NOPSEMA monitors and maintains staff skill levels through its employee performance management process that includes the consideration and review of demonstrated core competencies. Staff are required to participate in the employee management process each quarter.</p> <p>NOPSEMA has built a critical mass of corporate and regulatory specialists with the necessary skill sets, knowledge, experience and expertise, and endeavours to maintain these valuable resources.</p> <p>NOPSEMA maintains an establishment register and vacancies are filled according to approved operational requirements and are reviewed on an ongoing basis. Resources are allocated proportionate to risk.</p> <p>NOPSEMA's human resources team provides regular reports to the relevant minister, the NOPSEMA Advisory Board and the Australian Public Service Commission. These reports include information about staffing levels, vacancies, and recruitment.</p> <p>This KPI reports the number of positions that are filled as a proportion of the total number of established positions.</p>					
Results	The target has been met for the last five years				++

NOPSEMA continued to action the human resources strategy and implementation plan for 2018–22. The 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.

Our staff numbers were as follows:

Position type and status	2017–18	2018–19	2019–20	2020–21	2021–22
Total approved positions ^[1]	135	135	135	135	135
Total established positions ^[2]	126	125	125	135	140
Filled positions	126	125	125	127	140
Full time equivalent – FTE ^[3]	115.8	129.2	120.9	123.61	136.28

As at 30 June 2022, 100% of the established positions were filled, comprising ongoing, non-ongoing and seconded staff. Skill levels were maintained with all staff completing the required training and having met performance management expectations.

^[1] Total approved positions refer to the agreed maximum number of positions for NOPSEMA to fulfill its legislative requirements.

^[2] Establishment is defined as the total full-time equivalent number of positions in NOPSEMA at a point in time.

^[3] Full time equivalent - FTE is defined as the number of full-time equivalent employees employed by NOPSEMA at a point in time, including ongoing and non-ongoing staff.

Key Performance Indicator 12 - Cost effectiveness

KPI 12 A cost-effectiveness review of operations is undertaken and presented to industry each year

Related KPIs	RPG – Continuous improvement and building trust			Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	100%	100%	100%	100%	100%

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) came into effect on 1 July 2014 and provides the legal framework for the governance, performance, accountability, use and management of public resources by the Commonwealth, Commonwealth entities and Commonwealth companies.

Under the PGPA Act, NOPSEMA became a Commonwealth corporate entity that is financially separate from the Commonwealth. NOPSEMA is fully funded through cost recovery charges imposed under the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* and *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004* (Regulatory Levies Regulations).

As a statutory authority, NOPSEMA operates on a cost recovery basis through levies and fees collected from duty holders that are planning and undertaking offshore oil and gas operations. These arrangements ensure that NOPSEMA is sufficiently resourced to effectively regulate safety, well integrity and environmental management. At the end of each financial year, NOPSEMA prepares a report that assesses the cost effectiveness of the authority's operations. NOPSEMA's financial report on cost-effectiveness is provided in accordance with Regulation 62 of the Regulatory Levies Regulations. Results are presented to industry stakeholders and the cost effectiveness report is published annually on NOPSEMA's website.

The Australian National Audit Office (ANAO) undertake an audit on financial statements to verify financial systems, records, and results of the agency each financial year. The audit outcome (independent auditor's report) is included in NOPSEMA's annual report each year.

Results	The target has been met for the last five years	++
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NOPSEMA's 2020–21 cost-effectiveness review report was published on NOPSEMA's website in June 2022.

For the period, NOPSEMA reported:

2020-21	Total expenditure of \$37.0 million	\$2.4 million operating surplus
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The audit report for FY21 was completed in September 2021 and stated the financial statements of NOPSEMA complies with Australian Accounting Standards (Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*) and presented fairly the financial position of the Entity as at 30 June 2021 and its financial performance and cash flows for the year then ended.

Reflecting the financial impact of the COVID-19 pandemic on industry, there were no increases in levies during FY21. In January 2022 levies and fees increased by 10% primarily due to a rise in industry work program and Ministerial expectations that NOPSEMA continue to maintain a heightened focus on industry compliance with decommissioning obligations and contribute to financial assurance industry and government work group discussion

In July 2022 NOPSEMA delivered a presentation of the 2020-21 report to industry and other stakeholders and included an opportunity for industry and other stakeholders to ask questions.

Key Performance Indicator 13 - New functions

KPI 13	Inputs to new policy or legislative changes and preparations for commencing new functions are in line with key milestones				
Related KPIs	RPG – Continuous improvement and building trust			Target	100%
	2017–18	2018–19	2019–20	2020–21	2021–22
Methodology	Not applicable				100%
<p>The <i>Offshore Electricity Infrastructure Act 2021</i> (OEI Act) entered into force on 2 June 2022. The framework provides a licensing scheme to enable the construction, operation and decommissioning of offshore renewable energy and offshore electricity infrastructure projects in Commonwealth waters and grants the role of the Offshore Infrastructure Regulator (the Regulator) to NOPSEMA.</p> <p>Under the framework the Regulator has responsibility for overseeing work health and safety, environmental management, infrastructure integrity and financial security for offshore infrastructure activities. The functions of the Regulator will be fully cost recovered through a combination of fees and levies collected from regulated entities</p> <p>Throughout FY22 preparatory work including developing processes, systems and governance arrangements was undertaken to effectively establish the functions of the Regulator within NOPSEMA. Additionally, DISR's 'Enhancing Australia's decommissioning framework' discussion paper proposed enhancements to more effectively manage the financial and environmental risks of maturing assets. Areas for improvement included financial oversight, planning and management, and accountability and trailing liability.</p> <p>Throughout FY22, NOPSEMA undertook preparatory work to support the implementation of the first suite of measures, which came into force on 2 March 2022, and continued to provide input into further enhancements, including an expanded financial assurance role for NOPSEMA.</p> <p>NOPSEMA also provided input to a range of policy and legislative change proposals throughout FY22, including remakes of regulations and the Offshore Oil and Gas Safety Review.</p> <p>NOPSEMA collaborated with Department of Climate Change, Energy, the Environment and Water (DCCEEW) in FY22 to evaluate options to streamline environmental assessments for the decommissioning of offshore petroleum facilities. As part of this initiative, NOPSEMA provided technical advice to support DCCEEWs assessment of a sea dumping permit under the <i>Environment Protection (Sea Dumping) Act 1981</i>.</p>					
Results	This is a new measure - the target has been met this year				++
<p>In preparation for taking on the role of the Offshore Infrastructure Regulator the following activities were completed during the reporting period:</p> <ul style="list-style-type: none">-Provided regulatory advice to the then DISR to support development of the OEI legislative framework including proposed cost recovery arrangements-Provided specialist and technical advice to the then Department of Agriculture Water and the Environment to support the assessment of offshore renewable energy proposals under the <i>Environment Protection and Biodiversity Conservations Act 1999</i>-Commissioned a review of work health and safety regulatory and administrative approaches for offshore renewables under the OEI framework-Led a working group on international collaboration on offshore renewables safety regulation through the International Regulators' Forum-Contributed to the Global Offshore Wind Regulators Forum through the organisation and structure working group-Released draft offshore renewables environmental approvals guidance for consultation-Published information, updates and materials on NOPSEMA's website including the OEI regulatory process map and the offshore wind energy brochure					

-Conducted over 200 meetings with industry, government, non-government and international stakeholders to building understanding of the OEI Act and to inform the development of detailed regulatory requirements.

During the reporting period, the following activities were undertaken to input into and prepare for new policy or legislative changes affecting NOPSEMA's activities:

- Provided regulatory advice to DISR on its proposed enhancements to the decommissioning framework
 - Participated in regular meetings with DISR, DCCEE and AMSA to inform the development of policy, regulatory requirements, and processes
 - Released the Section 270 Consent to surrender title policy for comment. Published the planning for proactive decommissioning information paper
-

Analysis of performance against entity purpose

Changes to:	(a) Purpose	<p>No significant changes to NOPSEMA's purpose that impacted performance.</p> <p>Note: new legislation for offshore renewables commenced in June 2022 - the majority of impacts will occur in the next financial year.</p>
	Activities	NOPSEMA continued to increase regulatory activity, particularly in the areas of assessment, enforcement and investigation.
	Organisational capabilities	<p>NOPSEMA continued to manage its responses during the coronavirus pandemic in line with federal, Western Australian and Victorian (our regional office location) health authority advice as relevant over the course of the year.</p> <p>Throughout any lockdown periods:</p> <ul style="list-style-type: none"> • assessment and approvals processes continued largely without impact • compliance monitoring and offshore incident investigations where required, were either conducted using telecommunication channels or rescheduled
(b)	Operating environment	<p>The changes in industry activity and external context from 2020–21 to 2021–22 include:</p> <ul style="list-style-type: none"> • total hours worked offshore = 14% increase • reportable incidents notified = 23% increase • injuries reported = 105% increase (37 to 76) • total assessments submitted = 20% increase <p>The changes in NOPSEMA activity from 2020–21 to 2021–22 include:</p> <ul style="list-style-type: none"> • continued monitoring and adjusting arrangements as the coronavirus pandemic continued to evolve • planned inspections remained relatively stable overall • incident investigations increased in response to more notifications • >300 coronavirus notifications were processed, adding some administrative burden

Portfolio Budget Statements (PBS) performance

NOPSEMA has a single programme, and the performance results are 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 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

PBS results

Key Performance Indicator	Results discussion	2021-22
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 utilising a risk-based model.	+
3. Enforcement actions are undertaken in accordance with NOPSEMA policies	Effective enforcement activity was maintained through adherence to the enforcement management model and oversight via a compliance committee.	++
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 Guide

As part of its work to lift regulator performance, capability and culture, the Australian Government has released refreshed expectations for regulator performance and reporting. NOPSEMA administers, monitors and enforces regulation and, as a Commonwealth regulator, is required to implement the Regulator Performance Guide.

The [Regulator Performance Guide](#) (RPG) outlines the principles of best practice that underpin the Australian Government's expectations of regulator performance.

These principles are:

- Continuous improvement and building trust
- Risk based and data driven
- Collaboration and engagement.

The RPG also provides guidance to assist Commonwealth regulators to report on their performance against these expectations. Other elements of the refreshed framework include:

- setting performance objectives through Ministerial Statements of Expectations
- reducing duplication and increasing accountability and transparency by moving regulator performance reporting under the *Public Governance, Performance and Accountability Act 2013*
- building a library of supporting material, including [best practice case studies](#).

The new RPG was transitioned in from 1 July 2021, replacing the Regulator Performance Framework (RPF). Please see [Regulator best practice and performance | Deregulation \(pmc.gov.au\)](#).

PART 5: Financial statements



INDEPENDENT AUDITOR'S REPORT

To the Minister for Resources

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 2022:

- (a) comply with Australian Accounting Standards – Simplified Disclosures 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 2022 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 2022 and for the year then ended:

- Statement by the Chief Executive Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (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.

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 – Simplified Disclosures 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



Bradley Medina
Executive Director
Delegate of the Auditor-General

Canberra
21 September 2022

Statement by Chief Executive Officer and Chief Financial Officer

In our opinion, the attached financial statements for the year ended 30 June 2022 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Stuart Smith, Chief Executive Officer

21 September 2022



Neil Brodie, Chief Financial Officer

21 September 2022

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Statement of Comprehensive Income

for the period ended 30 June 2022

		2022	2021	2022 Budget
	Notes	\$'000	\$'000	\$'000
NET COST OF SERVICES				
Expenses				
Employee benefits	1.1A	30,233	28,317	30,563
Suppliers	1.1B	5,102	4,455	5,787
Depreciation and amortisation	2.2A	4,262	3,800	3,554
Finance costs		34	62	140
Other expenses		0	391	0
Total expenses		39,631	37,025	40,044
Own-source revenue				
Levies and fees	1.2A	40,419	38,264	35,239
Interest		55	66	67
Other revenue	1.2B	2,210	388	633
Total own-source revenue		42,684	38,718	35,939
Gains				
Other gains		842	0	0
Total gains		842	0	0
Net contribution by services		3,895	1,693	(4,105)
Revenue from Government	1.2C	1,500	739	833
Surplus on continuing operations		5,395	2,432	(3,272)
Total comprehensive income		5,395	2,432	(3,272)
The above statement should be read in conjunction with the accompanying notes.				

Statement of Financial Position

as at 30 June 2022

		2022	2021	2022 Budget
	Notes	\$'000	\$'000	\$'000
ASSETS				
Financial assets				
Cash and cash equivalents	2.1A	26,374	20,461	17,348
Trade and other receivables	2.1B	8,340	5,026	5,490
Other financial assets	2.1C	2,162	1,376	1,376
Total financial assets		36,876	26,863	24,214
Non-financial assets				
Land and buildings ¹	2.2A	6,856	3,485	6,271
Plant and equipment	2.2A	308	437	437
Intangibles	2.2A	867	1,840	3,285
Other non-financial assets		338	608	607
Total non-financial assets		8,369	6,370	10,600
Total assets		45,245	33,233	34,814
LIABILITIES				
Payables				
Suppliers	2.3A	797	445	445
Other payables	2.3B	2,052	1,612	1,612
Total payables		2,849	2,057	2,057
Interest bearing liabilities				
Leases	2.4A	9,409	4,020	7,408
Total interest bearing liabilities		9,409	4,020	7,408
Provisions				
Employee provisions	3.1A	6,627	6,814	6,814
Other provisions	2.5A	98	940	940
Total provisions		6,725	7,754	7,754
Total liabilities		18,983	13,831	17,219

Net Assets	26,262	19,402	17,595
EQUITY			
Contributed equity	2,361	896	2,361
Retained surplus	23,901	18,506	15,234
Total equity	26,262	19,402	17,595

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

¹Right-of-use assets are included in this line item

Statement of Changes in Equity

for the period ended 30 June 2022

	2022	2021	2022 Budget
Notes	\$'000	\$'000	\$'000
CONTRIBUTED EQUITY			
Opening balance			
Balance carried forward from previous period	896	896	896
Adjusted opening balance	896	896	896
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	1,465	0	1,465
Total transactions with owners	1,465	0	1,465
Closing balance as at 30 June	2,361	896	2,361
RETAINED EARNINGS			
Opening balance			
Balance carried forward from previous period	18,506	16,074	18,506
Adjusted opening balance	18,506	16,074	18,506
Comprehensive income			
Surplus/(Deficit) for the period	5,395	2,432	(3,272)
Total comprehensive income	5,395	2,432	(3,272)
Closing balance as at 30 June	23,901	18,506	15,234
TOTAL EQUITY			
Opening balance			
Balance carried forward from previous period	19,402	16,970	19,402
Adjusted opening balance	19,402	16,970	19,402

Comprehensive income			
Surplus / (Deficit) for the period	5,395	2,432	(3,272)
Total comprehensive income	5,395	2,432	(3,272)
Transactions with owners			
Contributions by owners			
Equity injection - Appropriations	1,465	0	1,465
Total transactions with owners	1,465	0	1,465
Closing balance as at 30 June	26,262	19,402	17,595
The above statement should be read in conjunction with the accompanying notes.			

Cash Flow Statement

for the period ended 30 June 2022

	2022	2021	2022 Budget
Notes	\$'000	\$'000	\$'000
OPERATING ACTIVITIES			
Cash received			
Receipts from levies and fees	36,940	40,964	35,239
Sale of goods and rendering of services	0	0	1,155
Interest ¹	55	66	50
GST received	507	754	0
Other	2,161	339	633
Appropriations	1,500	739	833
Total cash received	41,163	42,862	37,910
Cash used			
Employees	(30,245)	(27,638)	(30,563)
Suppliers	(2,767)	(3,971)	(5,787)
Interest payments on lease liabilities	(34)	(62)	(140)
GST paid	(435)	(793)	0
Accommodation	(502)	(504)	0
Total cash used	(33,983)	(32,968)	(36,490)
Net cash from operating activities	7,180	9,894	1,420
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	(259)	(1,190)	(2,465)
Total cash used	(259)	(1,190)	(2,465)
Net cash used by investing activities	(259)	(1,190)	(2,465)
FINANCING ACTIVITIES			
Cash received			
Contributed equity	1,465	0	1,465
Receipts from investment in sublease	923	937	0

Total cash received	2,388	937	1,465
Cash used			
Principal payments of lease liabilities	(3,395)	(3,469)	(3,533)
Total cash used	(3,395)	(3,469)	(3,533)
Net cash used by financing activities	(1,008)	(2,532)	(2,068)
Net increase in cash held			
	5,913	6,172	(3,113)
Cash and cash equivalents at the beginning of the reporting period	20,461	14,289	20,461
Cash and cash equivalents at the end of the reporting period	26,374	20,461	17,348
The above statement should be read in conjunction with the accompanying notes.			

¹Interest receipts on investment in sublease is included in this line item

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 *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGSA)*.

In addition to regulating offshore petroleum activities, following passage of the *Offshore Electricity Infrastructure Act 2021* (OEI Act), NOPSEMA has been given the role and functions of the Offshore Infrastructure Regulator (the Regulator). The Regulator has primary responsibility for work health and safety, environmental management, infrastructure integrity and financial security for offshore infrastructure activities. The Regulator will also provide specialist technical advice to the Department of Agriculture, Water and the Environment to support the assessment of offshore renewable energy proposals under the *Environment Protection and Biodiversity Conservation Act 1999*. The Regulator will provide guidance and advice on how to comply with the regulator requirements.

The basis of preparation

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

The financial statements have been prepared in accordance with:

- a) Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR); and
- b) Australian Accounting Standards and Interpretations - including simplified disclosures for Tier 2 Entities under AASB 1060 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 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

AASB 1060 applies to annual reporting periods beginning on or after 1 July 2021 and replaces the reduced disclosure requirements (RDR) framework. The application of AASB 1060 involves some reduction in disclosure compared to the RDR with no impact on the reported financial position, financial performance and cash flows of the entity.

Taxation

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

Events after the reporting period

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

1. Financial performance

1.1 Expenses

	2022	2021
	\$'000	\$'000
1.1A: Employee benefits		
Wages and salaries	22,064	20,724
Superannuation:		
Defined benefit plans	496	507
Defined contribution plans	3,506	3,351
Leave and other entitlements	3,994	3,619
Other employee benefits	173	116
Total employee benefits	30,233	28,317

Accounting Policy

Accounting policies for employee related expenses is contained in the People and relationships section.

1.1B: Suppliers

Consultants	1,368	782
Contractors	112	65
Communication	91	108
Consumables	177	186
Travel and accommodation	226	140
IT services	767	1,004
Insurance	52	58
Utility	136	139
Temporary staff	419	325

Training and conferences	369	309
Registration and licenses	804	692
Other	91	169
Total goods and services supplied or rendered	4,612	3,977
Goods supplied	177	186
Services rendered	4,435	3,791
Total goods and services supplied or rendered	4,612	3,977
Other suppliers		
Operating lease rentals	445	443
Workers compensation expenses	45	35
Total other suppliers	490	478
Total suppliers	5,102	4,455

1.2 Own-source revenue

	2022	2021
	\$'000	\$'000
1.2A: Revenue from levies and fees		
Wells	6,324	4,820
Safety	18,134	16,365
Environment	15,960	17,079
Total revenue from levies and fees	40,419	38,264

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: Other revenue

Resources received free of charge		
Remuneration of auditors - ANAO	48	48
Other revenue	2,162	340
Total other revenue	2,210	388

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.

1.2C: Revenue from government

Department of Industry, Science, Energy and Resources

Corporate Commonwealth entity payment item	1,500	739
Total revenue from government	1,500	739

Accounting policy

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

2. Financial position

2.1: Financial Assets

	2022	2021
	\$'000	\$'000
2.1A: Cash and cash equivalents		
Cash at bank	26,374	20,461
Total cash and cash equivalents	26,374	20,461

Accounting policy

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.

2.1B: Trade and other receivables**Goods and services receivables**

Goods and services	4,683	3,026
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Total goods and services receivables	4,683	3,026
Other receivables		
Levy receipts to be appropriated by the Department of Industry, Science and Resources	198	1,196
Interest	17	3
Accrued revenue	3,355	770
Travel advances	3	3
GST receivable from the Australian Taxation Office	43	115
Other	42	26
Total other receivables	3,657	2,114
Total trade and other receivables (gross)	8,340	5,140
Less impairment loss allowance	0	(115)
Total trade and other receivables (net)	8,340	5,026

Credit terms for goods and services were within 30 days (2021: 30 days).

Accounting policy

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.

2.1C: Other financial assets

Investment in sublease asset	2,162	1,376
Total other financial assets	2,162	1,376

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	Plant and equipment	Intangibles ¹	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2021				
Gross book value	12,805	2,516	9,369	24,690

Accumulated depreciation, amortisation and impairment	(9,320)	(2,079)	(7,529)	(18,928)
Total as at 1 July 2021	3,485	437	1,840	5,762
Additions				
Purchase	6,277	80	0	6,357
Internally developed	0	0	174	174
Depreciation and amortisation	(495)	(209)	(1,147)	(1,851)
Depreciation on right-of-use assets	(2,411)	0	0	(2,411)
Disposals				
Total as at 30 June 2022	6,856	308	867	8,031
Total as at 30 June 2022 represented by				
Gross book value	12,352	1,611	9,230	23,193
Accumulated depreciation, amortisation and impairment	(5,496)	(1,303)	(8,363)	(15,162)
Total as at 30 June 2022	6,856	308	867	8,031
Carrying amount of right-of-use assets	6,635	0	0	6,635

¹Intangibles 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.

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. 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 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:

	2022	2021
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 2022.

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

NOPSEMA'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 2022.

2.3: Payables

	2022	2021
	\$'000	\$'000
2.3A: Suppliers		
Trade creditors and accruals	797	445
Total suppliers	797	445

Settlement is usually made within 30 days.

2.3B: Other payables

Salaries and wages	705	530
Unearned income	1,347	1,082
Total other payables	2,052	1,612

2.4: Interest Bearing Liabilities

	2022	2021
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	\$'000	\$'000
2.4A: Leases		
Lease Liabilities	9,409	4,020
Total leases	9,409	4,020

Maturity analysis - contractual undiscounted cash flows

Within 1 year	1,196
Between 1 to 5 years	8,522
More than 5 years	1,569
Total leases	11,287

Total cash outflow for leases for the year ended 30 June 2022 was \$3,395,345 (2021: \$3,530,602).

Accounting Policy

For all new contracts entered into, NOPSEMA considers whether the contract is, or contains a lease. A lease is defined as 'a contract' or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. Once it has been determined that a contract is, or contains a lease, the lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, if that rate is readily determinable, or the department's incremental borrowing rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment of modification to the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss depending on the nature of the reassessment or modification.

2.5: Other provisions

	2022	2021
	\$'000	\$'000
2.5A: Other provisions		
Provision for restoration	98	940
Total other provisions	98	940

Accounting Judgements and Estimates

NOPSEMA has two agreements for the leasing of premises in Perth and Melbourne. The makegood for the Perth lease has been waived by the Landlord, whilst the provision to restore the Melbourne premises to its original condition remains in place. NOPSEMA maintains a provision for the Melbourne lease which reflects the present value of this obligation.

3. People and relationships

3.1: Employee Provisions

	2022	2021
	\$'000	\$'000
3.1A: Employee Provisions		
Annual leave	2,324	2,519
Long service leave	4,303	4,295
Total employee provisions	6,627	6,814

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, Director for the Office of Chief Executive and the General Counsel. Key management personnel remuneration is reported in the table below:

	2022	2021
	\$'000	\$'000
3.2A: Key management personnel remuneration		
Short-term employee benefits	1,892	1,577
Post-employment benefits	302	257
Other long-term employee benefits	36	32
Termination benefits	30	0
Total key management personnel remuneration¹	2,260	1,866

¹The 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.

The total number of key management personnel that are included in the above table are 6 [2021: 6].

3.3: Related Party Disclosures

Related party relationships

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

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.

4. Managing uncertainties

4.1: Financial instruments

	2022	2021
	\$'000	\$'000
4.1A: Categories of financial instruments		
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	26,374	20,461
Trade and other receivables	8,340	5,026
Other financial assets	2,162	1,376
Total financial assets at amortised cost	36,876	26,863
Total financial assets	36,876	26,863
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	797	445
Other payables	2,052	1,082
Total financial liabilities measured at amortised cost	2,849	1,527
Total financial liabilities	2,849	1,527

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; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

Effective interest method

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

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 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).

	2022	2021
	\$'000	\$'000
4.1B: Net gains or losses on financial assets		
Financial assets at amortised cost		
Interest revenue	55	66
Net gains/(losses) on financial assets at amortised cost	55	66

5. Other information

5.1: Current/non-current distinction for assets and liabilities

	2022	2021
	\$'000	\$'000
5.1A: Current/non-current distinction for assets and liabilities		
Assets expected to be recovered in:		
No more than 12 months		
Cash and cash equivalents	26,374	20,461
Trade and other receivables	8,340	5,026
Other financial assets	2,162	1,376
Total no more than 12 months	36,876	26,863
More than 12 months		
Land and Buildings	6,856	3,485
Plant and equipment	308	437
Intangibles	867	1,840
Other non-financial assets	338	608
Total more than 12 months	8369	6,370
Total assets	45,245	33,233
Liabilities expected to be settled in:		
No more than 12 months		
Suppliers	797	445
Other payables	2,052	1,612
Total no more than 12 months	2,849	2,057
More than 12 months		
Leases	9,409	4,020
Employee provisions	6,627	6,814
Other provisions	98	940
Total more than 12 months	16,134	11,774
Total liabilities	18,983	13,831

PART 6: Appendices

Appendices 1: EPBC Streamlining performance report 2021–22

Data period: 2021–22

On 28 February 2014, the National Offshore Petroleum Safety and Environmental Management Authority's (NOPSEMA's) environmental management authorisation process was endorsed by the then Minister for the Environment as a Program that meets requirements of Part 10 of the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act). This ministerial endorsement streamlined environmental approvals for offshore petroleum activities and made NOPSEMA the sole regulator for environmental management of petroleum activities in Commonwealth waters. Further information about the endorsed Program is available at [NOPSEMA's website](#).

This report provides a summary of NOPSEMA's performance under the streamlined arrangements for the period 1 July 2021 to 30 June 2022.

Regulatory activity		1 July 2021 to 30 June 2022
Submission type	Category	Number
Offshore project proposal ¹	Accepted for public comment ²	1
	Accepted ³	0
	Assessments in progress – for public comment ⁴	1
	Assessments in progress – for acceptance ⁴	1
Environment plan	Accepted ⁵	38
	Assessments in progress ⁴	24
	Decisions - refuse to accept ⁵	0
	Assessments stopped/cancelled ⁵	3
	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 *Environment Protection and Biodiversity Conservation Act 1999*.

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 2021 to 30 June 2022).

3. *The final accepted OPP. Based on year of completion (1 July 2021 to 30 June 2022).*

4. *Based on year of submission (1 July 2021 to 30 June 2022).*

5. *Based on year of completion (1 July 2021 to 30 June 2022).*

During the reporting period, NOPSEMA continued to implement administrative arrangements for the Program that are in place between NOPSEMA and the Department of Climate Change, Energy, the Environment and Water (DCCEEW, formerly the Department of Agriculture, Water and the Environment). This included sharing information with DCCEEW about NOPSEMA's regulatory activities such as environment plan assessments, inspections and enforcement actions.

NOPSEMA also regularly engages with DCCEEW on a range of matters, including to ensure clarity and consistency of approaches to application of *Environmental Protection and Biodiversity Conservation Act 1999* policies and instruments. Notable examples of engagement during the reporting period are that:

- NOPSEMA worked closely with DCCEEW (DAWE at the time) to develop and publish a set of [frequently asked questions](#) (FAQs) to support industry's practical application of the [Blue Whale Conservation Management Plan](#) and DCCEEW's [Guidance on key terms](#). NOPSEMA gives effect to DCCEEW's guidance and the FAQs through regulatory assessments of environment plans and offshore project proposals.
- NOPSEMA has been providing technical and regulatory application advice to DCCEEW in relation to the Department's development of national underwater noise guidelines and a review of [EPBC Act Policy Statement 2.1 - Interaction between offshore seismic exploration and whales](#).
- NOPSEMA has been engaging with DCCEEW in relation to review of the [Conservation Management Plan for the Southern Right Whale \(2011 -2021\)](#).

Key areas of focus for NOPSEMA in regulatory assessments and compliance monitoring over the reporting period have been decommissioning of offshore petroleum infrastructure, marine seismic surveys, oil pollution risk management, industry management of greenhouse gas emissions, and compliance with statutory instruments for the protection and conservation of listed threatened marine species.

NOPSEMA also reformed its compliance monitoring strategy, bringing enhanced consistency across the agency's functional areas and focus on key industry risks to the environment and the offshore workforce.

Appendices 2: Advisory board report

NOPSEMA board functions

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

Chair review

There are three important roles NOPSEMA undertakes as regulator that are relevant to the role of the Board. Firstly, under the Act, NOPSEMA has a critical assurance role in preventing major accident events, improving process safety in the offshore oil and gas industry to ensure the safety of the offshore workforce, integrity of offshore infrastructure and protect the offshore environment.

Secondly, NOPSEMA, as delegate for the Minister of the Environment and Water must consider the coverage of indirect consequences under the *Environment Protection and Biodiversity Conservation Act 1999*.

Thirdly, NOPSEMA has a role to “promote and advise” best practice in a manner that recognises the responsibility of the duty holder to identify and manage risks generated by their activities. As such, NOPSEMA is focused on encouraging compliance through education and helping stakeholders understand the regulatory requirements. NOPSEMA balances its role of advice and promotion to ensure its objectivity in decision making and enforcement.

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 and regular written reports to the responsible Minister following each meeting.

Industry Performance

The trends in safety performance in 2022 continue to be a concern for NOPSEMA and the Board as injury rates have returned to near 2015 levels. These negative changes in lagging safety performance metrics have been affected by multiple factors such as COVID related illnesses, border controls and unavailability of staff, workforce turnover related to the January 2020 oil price falls and its subsequent recovery. There are no comparable measures of how safe the industry is with respect to major accident risk. This is an issue that NOPSEMA continues to grapple with.

NOPSEMA has four strategic compliance focus areas that guide its activities to mitigate the highest perceived risk factors that currently affect industry:

- Preventing major accident events
- Preventing loss of well control
- Effective oil pollution emergency preparation
- Responsible asset stewardship

The Board reiterates its view on the importance of NOPSEMA's ongoing focus on the prevention of major accident events (MAE). A key part of MAE prevention is executive accountability for process safety. The CEO raised the concerns of the Board in meetings with the APPEA Board of Directors. The Board provided advice to the Minister on improving the regulated entities' performance in managing process safety and preventing major accident events.

The Board acknowledges the role inspectors play in identifying latent hazards in operations during routine inspections and auditing continued compliance with the respective safety cases. Using an integrated approach in the future, NOPSEMA will establish a consistent and streamlined agency-wide inspection programme aimed at making duty holders own and manage the risk gaps identified in inspections.

NOPSEMA initiated executive level discussions on matters such as organisational capability, decommissioning compliance plans and that proper consideration be given to the transfer of relevant permissioning documents.

The Board believes NOPSEMA has used its enforcement powers in a transparent and consistent manner and according to the principles of procedural fairness. The Board considers NOPSEMA's enforcement actions throughout the last year were proportionate to the regulatory risks identified across industry.

Mental health and executive accountability

NOPSEMA has continued to demonstrate strong leadership to mitigate mental health issues associated with the COVID pandemic over the past two years. The Board noted the connection between the mental health of the workforce and potential for increase in process safety incidents leading to a possible major accident event. The Board also noted the importance of executive oversight of senior managers to appropriately consider the mental health of staff in periods of high stress and to intervene when appropriate.

Court matters

During the reporting period, a WA Court of Appeal judgement relating to a diving matter potentially established a precedent for regulated entities to breach permissioning documents without penalties. The Board supports NOPSEMA's request for legislative amendments to address similar future occurrences.

Critical infrastructure resilience in the offshore oil and gas industry

In the event of a cyber security incident, it was noted that it is the intent of the Critical Infrastructure Centre (CIC) to work alongside other regulators, and there are appropriate information sharing arrangements in place for NOPSEMA to refer cyber security/technology elements to CIC to investigate as appropriate.

Decommissioning

The Board was briefed on NOPSEMA's Decommissioning Compliance Strategy to communicate to titleholders the improved regulatory oversight of titleholders' compliance with their decommissioning obligations consistent with Section 572 of the Act - the timely and responsible removal of ageing or out of service equipment or structures.

The recent focus of the Australian Security and Investments Commission on whether titleholders have sufficient provisions in their annual accounts has resulted in increased titleholder focus on the challenge of timely decommissioning. There may be opportunities for future collaboration between ASIC and NOPSEMA in areas of mutual interest.

The decommissioning obligations following development of the Section 572 policy is an opportunity for the government to work collaboratively with industry to build service sector capacity to service both domestic and near Asian requirements over the next 5-10 years.

Policy work

The Board was updated and commented on the policy work being undertaken by the Department of Industry, Science and Resources (Department) on the decommissioning of the Northern Endeavor floating production storage and offloading (FPSO), the associated subsea infrastructure and the offshore petroleum levy to fund the decommissioning and remediation works.

The Department continues to work on issues in relation to the regulatory oversight of FPSO vessels in consultation with the Department of Infrastructure, Transport, Regional Development and Communication, the Australian Maritime Safety Authority and NOPSEMA. The Board noted the proposed withdrawal of statutory certificates and seeks an outcome that is suitable to all parties that does not impose additional burden to industry.

The Board has given considerable attention to the issue of indirect consequences under the EPBC Act, in relation to both to scope 3 emissions and indigenous cultural heritage. It has provided input to NOPSEMA on both these matters.

Offshore Electricity Infrastructure Act 2021

Commencing on 2 June 2022, NOPSEMA has assumed additional responsibilities under the *Offshore Electricity Infrastructure Act 2021*, and the Board recognises the support of the Department in ensuring appropriate resourcing for this function. This support will continue to be required during the establishment phase until NOPSEMA is able to generate revenue for these responsibilities under full cost recovery.

The Board notes that it has no advisory role with respect to offshore electricity infrastructure.

Ken Fitzpatrick

Chair

The year ahead

Considering 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 programme includes monitoring and advice on:

- improvements in relation to the transparency of the regulatory approvals process and stakeholder engagement
- the outcomes and recommendations arising from the review into decommissioning, late life asset transfers and cross-over alignment with other agencies and regulators
- the implications of changes to NOPSEMA's scope of responsibilities
- industry performance in:
 - the four strategic compliance areas of preventing major accident events, preventing loss of well control, effective oil pollution emergency preparedness and responsible asset stewardship
 - process safety, environmental management and the EPBC Act, executive accountability and maintenance and removal of property.

Board membership and attendance

The following changes to the board occurred during the reporting period: the terms of Ms Anthea Tinney and Mr Christopher Blackmore were extended until 6 January 2025 and new members Ms Victoria Jackson and Mr Michael Lawson were appointed with effect from 7 January 2022 until 6 January 2025.

Attendance for the six meetings during the reporting period is indicated below. Meeting 38 on 23 June was attended in person by Ms Tinney and Mr Hopkins participated via video conference. Following subsequent travel restrictions associated with Covid-19, meetings 39, 40, 41 and 42 were held solely via video conference. Mr Hopkins participated in meeting 43 via video conference.

Name	25 August 2021 Meeting 39	24 November + 10 December 2021 Meeting 40	9 March 2022 Meeting 41	20 April 2022 Meeting 42	8 June 2022 Meeting 43
Mr Ken Fitzpatrick	•	•	•	•	•
Prof Melinda Hodkiewicz	•	•	•	•	•
Ms Anthea Tinney	•	•	•	•	•
Mr Christopher Blackmore	•	Apology	Apology	•	•
Prof Andrew Hopkins	•	•	•	•	•
Ms Victoria Jackson	N/A	N/A	•	•	•
Mr Michael Lawson	N/A	N/A	•	•	•

The NOPSEMA CEO attended all meetings during the reporting period.

A senior representative of the Department attends meetings via video link to provide an update on policy matters and ensure effective communications between the Board and portfolio department are maintained.

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 2021-22 in comparison to NOPSEMA's 2020-21 budget allocation and expenditure in 2020-21 is set out in the table below.

Expenditure Items	Annual Budget 2021-22	Actuals 2021-22	Variance Favourable/ (Unfavourable)	Last Year's Actuals 2020-21
	\$'000	\$'000	\$'000	\$'000
Members Remuneration	266	267	(1)	254
Travel and Accommodation	44	12	32	0
Other Expenses	0	0	0	1
TOTAL	310	279	31	255

Appendices 3: Executive remuneration

Remuneration for key management personnel

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Superannuation contributions	Long service leave	Other long-term benefits		
Stuart Smith	Chief Executive Officer	377,645	0	0	58,351	8,872	0	0	444,868
Karl Heiden	Head of Division - Corporate & Financial Assurance	277,646	0	464	40,536	0	0	29,788	348,434
Cameron Grebe	Head of Division - Environment & Decommissioning	293,726	0	0	48,190	7,745	0	0	349,661
Derrick O'Keeffe	Head of Division - Safety and Integrity	297,408	0	0	48,046	6,583	0	0	352,037
Suzanne Hillier	Director - Legal and Risk / General Counsel	189,750	0	41,765	38,582	5,225	0	0	275,321
Nicholas Page	Director - Office of the Chief Executive	234,807	0	38,014	46,662	5,225	0	0	324,707

Julie Kordic	A/Head of Division - Enabling Services & Business Transformation	140,757	0	156	21,953	2,770	0	0	165,636
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Note 1: In addition to the Remuneration Tribunal Determination for the Chief Executive Officer, accrued Annual Leave and accrued Long Service Leave are included in accordance with the reporting guide

Note 2: All Senior Executive staff are included in Table 2 – Key Management Personnel and are therefore not disclosed separately

Remuneration for other highly paid staff

[illegible]

Employee profile

NOPSEMA staffing and remuneration

NOPSEMA staffing and remuneration 2021–2022 (as at 30 June 2022)

NOPSEMA classification	APS3	APS4	APS5	APS6	APS6 Well Integrity	EL1	EL1 Regulatory	EL1 Well Integrity	EL2	EL2 Lead	EL2 Regulatory Managers	EL2 Well Integrity Lead	EL2 Well Integrity Manager	SES
Full-time salary range (\$)	67,345 - 73,699	74,967 - 87,675	88,945 - 101,651	102,922 - 115,628	120,828 - 135,743	139,770 - 173,317	206,803 - 232,652	284,352 - 303,741	177,890 - 209,654	235,238 - 257,208	258,503 - 284,352	305,896 - 308,048	310,202 - 329,591	310,788
Staff total	4	12	8	19	2	12	49	9	7	2	12	1	1	3
Perth	4	12	8	19	2	12	44	7	7	2	11	1	1	3
Melbourne	0	0	0	0	0	0	5	2	0	0	1	0	0	0
Part-time	2	0	0	0	0	0	7	1	0	0	0	0	0	0
Full-time	2	12	8	19	2	12	42	8	7	2	12	1	1	3
Male	0	2	2	6	1	6	38	8	4	2	9	1	1	2
Female	4	10	6	13	1	6	11	1	3	0	3	0	0	1
Indigenous	0	0	0	0	0	0	0	0	0	0	0	0	0	0

NOTE

All staff are employed on common law contracts.

All ongoing employees

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total Male	Full Time	Part Time	Total Female	Full Time	Part Time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	5	0	5	1	0	1	0	0	0	6
WA	52	0	52	33	4	37	0	0	0	89
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
TOTAL	57	0	57	34	4	38	0	0	0	95

All non-ongoing employees

	Male			Female			Indeterminate			Total
	Full Time	Part Time	Total Male	Full Time	Part Time	Total Female	Full Time	Part Time	Total Indeterminate	
NSW	0	0	0	0	0	0	0	0	0	0
QLD	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
TAS	0	0	0	0	0	0	0	0	0	0
VIC	1	1	2	0	0	0	0	0	0	2
WA	20	3	23	19	2	21	0	0	0	44
ACT	0	0	0	0	0	0	0	0	0	0
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
TOTAL	21	4	25	19	2	21	0	0	0	46

Appendices 4: Offshore Infrastructure Regulator

In accordance with section 690 of the OPGGS Act, the NOPSEMA Annual Report 2021–22 includes a part that relates to the activities of NOPSEMA in its capacity as the Offshore Infrastructure Regulator (OIR). The part of the report that relates to the OIR is given by the NOPSEMA CEO to the relevant Minister and the Offshore Electricity Infrastructure Minister.

Throughout FY22 the agency continued to support the Department of Industry, Science and Resources (DISR) with the development of the Offshore Electricity Infrastructure (OEI) framework through provision of technical and regulatory advice led by a dedicated team within the agency. The framework enables offshore electricity infrastructure projects utilising new and emerging technologies such as wind, wave and tidal power to proceed in a safe and environmentally responsible manner

On 25 November 2021 the OEI legislative package comprising the Offshore Electricity Infrastructure Bill 2021, the Offshore Electricity Infrastructure (Regulatory Levies) Bill 2021 and the Offshore Electricity Infrastructure (Consequential Amendments) Bill 2021 passed through Parliament, with the legislation coming into effect on 2 June 2022.

The *Offshore Electricity Infrastructure Act 2022* formally conferred the role of the Offshore Infrastructure Regulator to NOPSEMA. Under the framework the Offshore Infrastructure Regulator has responsibility for work health and safety, infrastructure integrity, environmental management and financial security of offshore infrastructure activities in Commonwealth waters. The extension of NOPSEMA's remit is a natural evolution for the agency and follows approaches taken internationally with offshore oil and gas regulators' oversight being extended to include offshore renewables.

During the reporting period over 200 meetings were conducted with industry, government, non-government and international stakeholders. Domestic engagement was largely focused on building understanding of the OEI regime while international engagement with regulatory counterparts and developers provided an opportunity for the agency to discuss perspectives on leading practice offshore renewables regulation.

Preparatory work to effectively deliver the functions of the Offshore Infrastructure Regulator (including establishing processes, systems and governance arrangements) was also undertaken during the reporting period. An appropriation from Government in the order of \$1.4 million was provided to fund early work required to establish the legislative framework, build capability, develop guidance materials and support stakeholder engagement activities.

The agency also provided specialist advice under contract to the Department of Agriculture, Water and the Environment to support the assessment of offshore renewable energy proposals under the *Environment Protection and Biodiversity Conservation Act 1999*.

PART 7: Reference material

List of requirements

PGPA Rule Reference	Part of Report	Description	Requirement
17BE	Contents of annual report		
17BE(a)	Enabling legislation and principal functions	Details of the legislation establishing the body.	Mandatory
17BE(b)(i)	Enabling legislation and principal functions	A summary of the objects and functions of the entity as set out in legislation.	Mandatory
17BE(b)(ii)	Vision, purpose, approach & values	The purposes of the entity as included in the entity's corporate plan for the reporting period.	Mandatory
17BE(c)	Our ministers	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:	If applicable, mandatory

		(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.	
17BE(g)	Annual performance statements	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)	Accountable authority	Information on the accountable authority, or each member of the accountable authority, of the entity during the reporting period.	Mandatory
17BE(k)	Organisation structure	Outline of the organisational structure of the entity (including any subsidiaries of the entity).	Mandatory
17BE(ka)	Employee profile	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)	NOPSEMA office locations	Outline of the location (whether or not in Australia) of major activities or facilities of the entity.	Mandatory
17BE(m)	Corporate governance	Information relating to the main corporate governance practices used by the entity during the reporting period.	Mandatory
17BE(n), 17BE(o)	N/A	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (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	If applicable, mandatory

		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.	
17BE(p)	N/A	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)	N/A	Particulars of any reports on the entity given by: (a) the Auditor-General (other than a report under section 43 of the Act); or (b) a Parliamentary Committee; or (c) the Commonwealth Ombudsman; or the Office of the Australian Information Commissioner.	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)	N/A	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)	Audit committee	The following information about the audit committee for the entity: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee.	Mandatory
17BE(ta)	Executive remuneration	Information about executive remuneration.	Mandatory
17BF	N/A	Disclosure requirements for government business enterprises	

17BF(1)(a)(i)	N/A	An assessment of significant changes in the entity's overall financial structure and financial conditions.	If applicable, mandatory
17BF(1)(a)(ii)	N/A	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial conditions.	If applicable, mandatory
17BF(1)(b)	N/A	Information on dividends paid or recommended.	If applicable, mandatory
17BF(1)(c)	N/A	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations.	If applicable, mandatory
17BF(2)	N/A	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise.	If applicable, mandatory

Our contact details and locations

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