

# Agenda

## 2009 Annual Cost Effectiveness Meeting with Industry Representatives

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1. Introduction
2. NOPSA Key Achievements in 2008-09
3. Finance Presentation
  - Sources of Revenue
  - Accountability
  - 2008-09 Year in Review
  - 2009/10 Year in Prospect
  - Business Planning
  - Recommended Increase to Unit Value
  - Summary of Cost Effectiveness Report
  - Review of Cost Recovery Arrangements
  - Questions
4. Closing comments



# Sources of Revenue

- **Safety Case Levy**
  - SMS Amount per calendar year
  - Facility Amount
  - Mobile Facility remittal
  - Minimum payment of 2 quarterly amounts in any 4 consecutive quarters.
  - Vessels – facility but not mobile facility
- **Investigation Levy**
- **Pipeline Safety Management Levy**
- **Fees for Services**
- **Interest on funds**

# Accountability

- NOPSA must meet all statutory obligations for Commonwealth Government agencies, including:
  - Financial Management and Accountability Act (FMA) and associated Regulations.
  - Finance Minister's Orders.
  - Government reporting requirements – monthly and annually.
  - FMA certificate of compliance.
  - Legal services certificate of compliance.
  - Government procurement guidelines/initiatives.
  - Audit by Australian National Audit Office.
  - Special Account obligations.

# 2008/09 Year in Review

		2008/09 Original Estimate	2008/09 Revised Estimate	2008/09 Actual
	Note	\$'000	\$'000	\$'000
<b>Revenue</b>				
Safety Case Levies		12,039	12,300	11,951
Interest/ Other		250	460	384
<b>Total Revenue</b>	1	<u>12,289</u>	<u>12,760</u>	<u>12,335</u>
<b>EXPENSES</b>				
Employees	2	7,918	8,260	7,836
Suppliers		3,943	4,170	4,027
Depreciation/Other		383	280	338
Other Expenses	3	-	-	77
<b>Total Expenses</b>		<u>12,244</u>	<u>12,710</u>	<u>12,278</u>
<b>Surplus</b>		<u>45</u>	<u>50</u>	<u>57</u>

Note 1 Deferral of works for mobile facilities.

Note 2 Lower salaries and superannuation due to time lag in recruitment.

Note 3 Reversal of late payment penalty.



# 2009/10 Year in Prospect

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- Revenue of \$12.8 million estimated
- Expenditure estimated at \$14.3 million
- Deficit of \$1.5 million is projected

# Business Planning

- Input from industry drove revenue forecasts to 2012/13.
- 94% of Operators responded.
- Net decrease of 8 Mobile facilities by June 2011, and further decrease of 8 facilities by June 2013.
- Net decrease of 2 FPSOs by June 2010.
- Build up to approved staffing level.
- Significant increases for work not subject to levy.

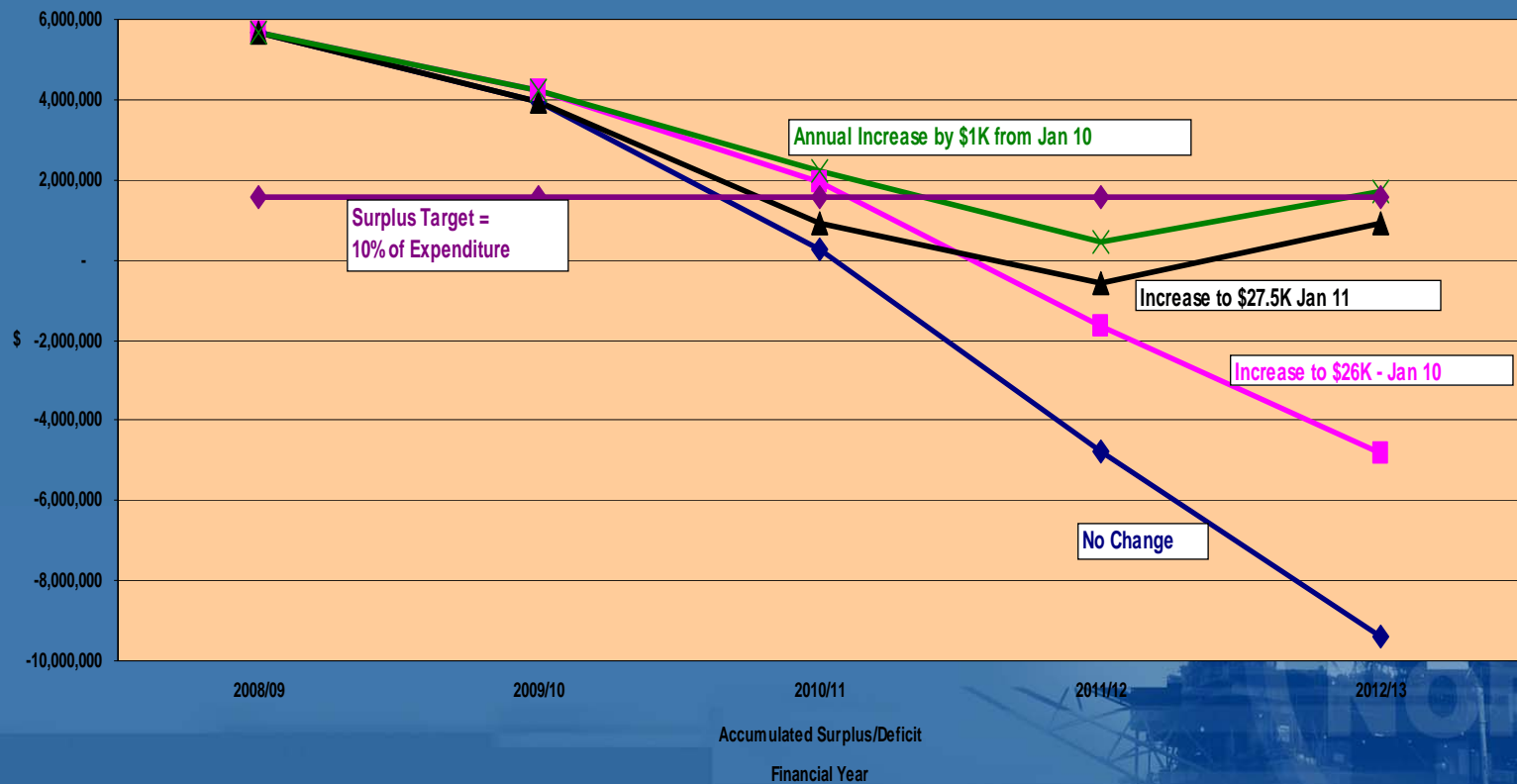
# Business Planning

## ESTIMATED ADDITIONS/DELETIONS

	2009/10				2010/11				2011/12				2012/13				2013/14			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	<b>NON MOBILE FACILITIES</b>	(2)	1	(1)	0	(2)	0	0	1	1	0	1	0	0	0	1	0	0	0	0
<b>MOBILE FACILITIES</b>	0	(1)	1	0	(2)	3	(6)	(3)	(4)	4	0	5	(1)	(7)	(3)	(2)	0	(2)	0	0
<b>TOTAL FACILITIES</b>	(2)	0	0	0	(4)	3	(6)	(2)	(3)	4	1	5	(1)	(7)	(2)	(2)	0	(2)	0	0
<b>Increase / (Decrease)</b>	(2)				(9)				7				(12)				(2)			
<b>Cumulative Increase / (Decrease)</b>	(2)				(11)				(4)				(16)				(18)			

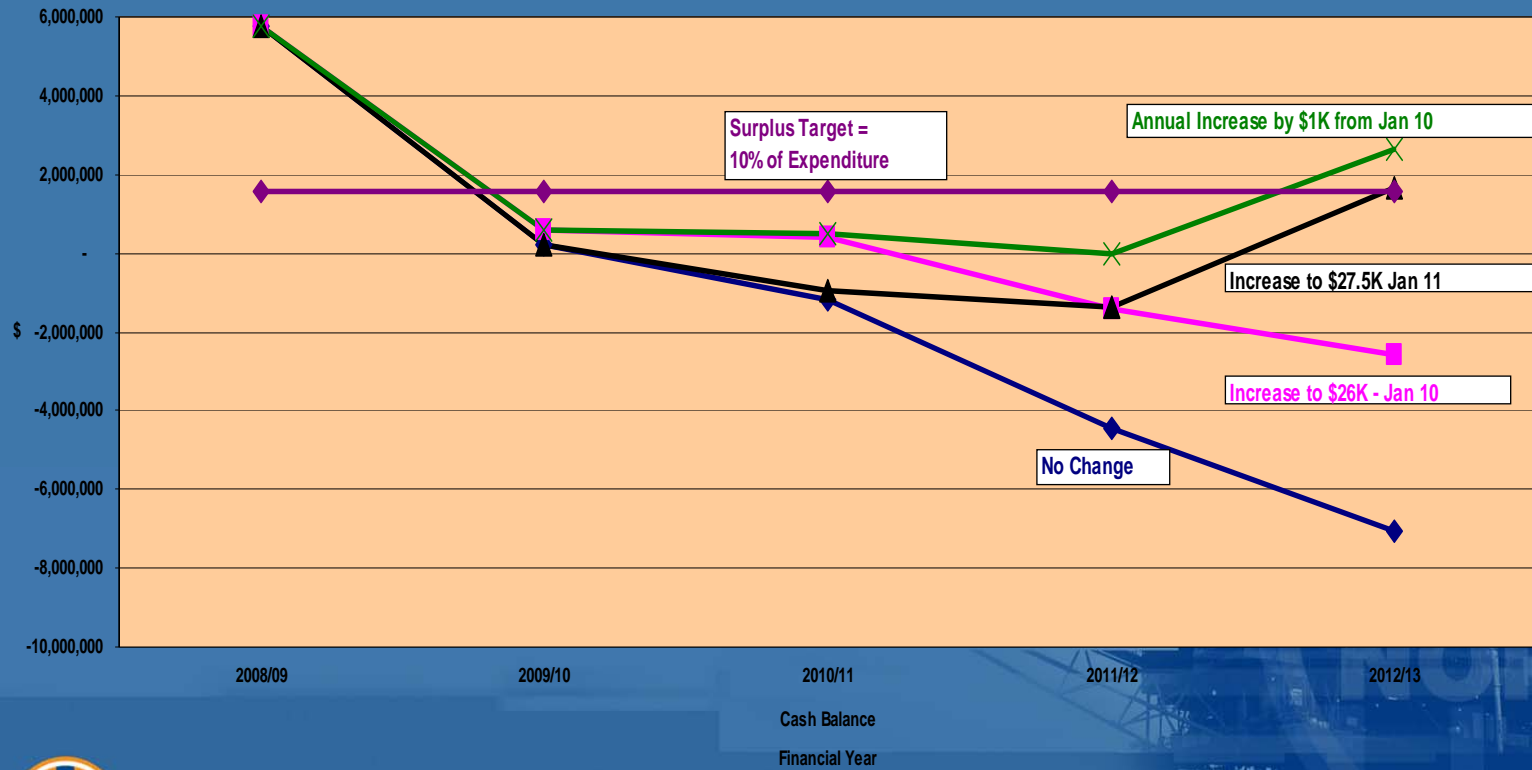
# Recommended Increase to Unit Value

Impact of Change in Unit Value to Surplus



# Recommended Increase to Unit Value

Impact of Change in Unit Value to Cash Balance



# Summary of Cost Effectiveness report

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- Administrative activity, steady at 32%, after significant reduction from 2006-07.
- Corporate overheads, steady at 36% of NOPSA's total expenditure.
- NOPSA's overheads factor compares favourably with other similar agencies.
  - Australian Maritime Safety Authority 78%
  - Civil Aviation Safety Authority 46%

# Review of Cost Recovery Arrangements

- Report issued by Department of Resources Energy and Tourism in September 2009.
- Key Recommendations include:
  - All invoicing in arrears.
  - Minimum amount for mobile facilities reduced to 1 quarter.
  - Adjustment to Large facility rating from 9 to 12.
  - Adjustment to non pipe laying vessels rating from 5 to 3.
- Total costing of recommendations
  - Cash reduction of approximately \$4.4 Million in 2009/10
  - Revenue/surplus reduction of \$560,000

# 2009 Annual Meeting with Industry Representatives

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Any Questions?

