



ANNUAL REPORT

PETROLEUM SAFETY AUTHORITY NORWAY

2019

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PART

PART I. The director general's report

Safe, strong and clear

The main message from the White Paper in 2018 was that the Norwegian regulatory regime for health, safety and the environment is well-functioning and should be maintained. However, both the report from the Auditor General of Norway and the White Paper emphasised the importance of strong and clear supervision. The Auditor General also noted several areas where we could improve our follow-up. That has provided a yardstick for many of the initiatives and activities which characterised our operations in 2019.

While it proved demanding in many ways, 2019 was also a very interesting year. We chose "safe, strong and clear" as our main issue. This aimed to highlight the responsibility which rests on every player to work actively and continuously on improving safety in their own operations. Safe, strong and clear also provided an important guideline for our commitment to the industry and for our own development work.

Optimism, climate and innovation

The growing activity and optimism in the industry which initiated 2018 has continued and characterised operations in 2019 as well. The level of exploration and development activity is high, while great attention is being paid to the opportunities offered by the late-life phase. Climate challenges are playing a stronger role, both nationally and globally, and new expertise and technology are in demand for developing more environment-friendly solutions. We are following up this trend by sharing knowledge, facilitating collaboration, and supervising the development and adoption of new solutions by the players.

Risk level

The RNNP study of trends in risk level in the petroleum activity is an important contributor to a unified understanding of the level of risk in the industry. The information, knowledge and experience we acquire through audits and investigations, and in meetings and dialogue with the parties, also play a key role in our ability to present an up-to-the-minute risk picture.

Over time, the level of risk in the petroleum sector has developed positively and the major accident indicator for 2018 reached its lowest-ever level. This outcome supports the progress we have seen since 2000, and indicates that the industry



Anne Myhrvold, director general, PSA

has got better at managing conditions which affect risk. Although the parties in the industry are working actively to reduce accident risk, we must expect annual variations to occur in the number of incidents and the potential of individual events. The number of incidents with a major accident potential in 2019 – measured by hours worked – was at the same level as the year before. That was the lowest ever recorded. In absolute numbers, such incidents increased compared with 2018. We also investigated more incidents than in the year before.

The RNNP's questionnaire survey has shown a negative trend since 2013 for conditions related to working environment exposure and the safety climate. This decline was linked to restructuring and downsizing processes in the same period. Responses in the 2019 survey reveal more positive assessments than in 2017, and are back to the 2015 level. That is gratifying, but an improvement potential nevertheless remains if we compare with 2013.

The RNNP is also an important tool for promoting coordination between the parties. I hope the willingness and ability to contribute valuable and reliable information and to take a collective and united approach to the RNNP results will continue in the years to come.

Priority areas – how do we contribute?

As a supervisory authority, we have overall responsibility for preparing and further developing the regulations and for supervising that the players comply with these. Our follow-up and supervision is a supplement to rather than a replacement for the responsibility of the companies to follow up their own activities. The companies are responsible for ensuring the robustness and capacity to operate prudently.

We had a high level of activity in 2019. A number of audits were carried out offshore, and we worked actively on knowledge development and experience transfer as well as on regulatory development, fulfilling our duties as a directorate and facilitating inter-party collaboration. Internal development and improvement efforts also received great attention.

The petroleum sector is characterised by restructuring and efficiency improvements, and we are experiencing a trend towards introducing new technology, solutions and modes of operation. Such a development presents both opportunities and challenges. In that connection, we have audited how companies and managements take decisions which ensure robust solutions, make continuous improvements and actively reduce risk. We have followed this up when digital technologies are adopted, when drilling operations are to be automated or when acquisitions, mergers or other large efficiency improvement processes are conducted.

Norway faces a growing risk of suffering deliberate attacks. The development and adoption of advanced new ICT solutions makes the country more vulnerable and exposed to such assaults. We have strengthened our commitment to security against attack and to following up ICT security to prevent errors and ensure that systems are robust.

An example of a more long-term targeted commitment on our part is management of risk and barriers. Over the past decade, we have worked systematically along this regulatory track, through knowledge development, guidance and audits. We are now seeing effects from this work in the specific improvement efforts being made by the companies both offshore and at the land plants.

We have participated in the Norwegian Labour Inspection Authority's coordination project on the government's handling of external whistleblowers, and have launched our own digital whistleblowing channel. In addition, we have collaborated with the Labour Inspection Authority, the National Institute for Occupational Health (Stami) and the Labour and Welfare Administration (NAV) to build up and continue developing the new inclusive workplace (IA) commitment.

Our follow-up of vessels, the early phase and field developments has also been strengthened, we have further developed the RNNP and have reviewed, in dialogue with the Ministry of Labour and Social Affairs, the system for awarding licences and qualifying players.

Further development of the regime and effects on our work

Many factors affect the level of safety. That makes it challenging and complex to assess and report the effects of our commitment. These effects must be assessed in the light of our regulatory regime and key guidelines for our follow-up of the industry. In our work to develop and strengthen the regime, particular attention has been paid to our audit strategy and to our use of instruments and enforcement powers. We have increased our commitment to audits, we are offshore more than before, we dig deeper, we find more, and we follow up to a greater extent that nonconformities are actually corrected.

Over the past two years, we have also conducted a number of independent user surveys to assess the effects of our work. In that context, I find it gratifying to be able to report a positive trend from 2018 to 2019. We are, for example, perceived as clearer in exercising our role and in our use of instruments and enforcement powers, and the players have confidence in us as a government authority. Feedback from our user surveys also shows that our instruments are considered relevant and useful.

From our perspective, we see that exerting purposeful influence over a lengthy period, where instruments are combined and we work at several levels, has the best effect in the long term. Connections between and the effects of instruments, at various levels in the short and long terms, are important for understanding in order to be able to assess the more overall effects of our work.

Worker participation and inter-party collaboration

The report from the tripartite working group in 2017 noted the importance of strengthening and further developing bipartite and tripartite collaboration. As a follow-up to this, eight tripartite work groups were established in 2018 – five in the Safety Forum and three in the Regulatory Forum. Activity in these was high in 2019, and we have worked together on improvements in important areas.

We will continue to give priority to following up worker participation in audits, and to making provision for good inter-party cooperation. Well-functioning bipartite and tripartite collaboration is an important cornerstone in our regulatory regime and a key contribution to securing a high level of HSE in the petroleum sector.

Main issue 2020 – Never another major accident

In 2020, we are marking that 40 years have passed since the very biggest accident in Norway's oil history. On 27 March 1980, the *Alexander L Kielland* rig overturned and 123 people died. That disaster changed the industry, Norway's petroleum regime and safety work.

We have learnt a lot about risk over 50 years, and we know that a good level of safety depends on the industry's ability to reduce risk. We must therefore use this occasion to learn from history. We want to translate the ambition of continuous improvement into specific plans, and want to know what the companies are going to do better in the future and how they are going to do it. The companies are responsible, and they must demonstrate that every day.

I believe we can all agree with “never another major accident”.



Anne Myhrvold
Director general, Petroleum Safety Authority Norway



PART

PART II. Introduction to the PSA and key figures

Operations, social remit and goals

Operations

The PSA is an independent government supervisory and administrative authority reporting to the Ministry of Labour and Social Affairs (ASD). It was established by the Crown Prince Regent's decree of 19 December 2003.

The authority has supervisory responsibility for safety, the working environment, emergency preparedness and security in petroleum operations on the Norwegian continental shelf (NCS) and at eight onshore plants. This covers planning, design, construction, operation, decommissioning and removal. It also has supervisory responsibility for offshore wind power related to Norway's petroleum facilities and for safe transport and storage of CO₂ in sub-surface geological formations on the NCS.

In addition, the PSA supervises management systems and preventive work at the players to counter deliberate attacks and incidents as well as conditions which could cause acute pollution. Undesirable incidents are prevented in the same way regardless of whether they could cause injury to people, acute pollution or loss of material assets. Safety work and accident prevention therefore protect several types of assets.

Supervision encompasses all activities which give the PSA a basis for assessing and following up that the companies are operating prudently and in compliance with the regulations. The PSA is most visible when it is present on facilities or at onshore plants or construction sites. Supervision covers more than this, such as following up the industry's compliance with the regulations in every phase of the business, considering applications and consents, acquiring data on accidents and incidents, investigating and dealing with individual cases, and follow-up and use of enforcement powers.

The PSA also conducts a number of activities every year directed at common industry challenges. These aim primarily at securing a good knowledge base and an updated risk picture of safety and working environment challenges in the sector, disseminating new knowledge and preparing audits on priority issues.

In its role as a directorate, the PSA develops, manages and disseminates core professional knowledge about petroleum activities and the existing regulations. That also encompasses being a centre of expertise for the sector, the ministry, other government agencies and the general public. This requires a focus on development and active administration as well as participation in the comprehensive tripartite collaboration related to regulatory development, further development of national and international standards and improving technology and professional expertise. In this way, the directorate functions can serve as an instrument for attaining goals and form an important basis for the PSA to ensure targets are reached. Directorate and supervisory duties are intertwined and reinforce each other in reaching the goals. The PSA has seen the scope of its directorate duties expand in recent years, particu-

larly in providing specialist advice to the ministry and in administering the regulations. These administrative duties are expected to increase in coming years.

The PSA is charged with coordinating regulatory development and supervision for HSE in Norway's petroleum sector. Offshore, this coordination includes the Norwegian Environment Agency (NEA), the Norwegian Board of Health Supervision and the Norwegian Radiation Protection Authority. Onshore, it also covers the Norwegian Communications Authority, the Norwegian Coastal Administration and the Norwegian Industrial Safety and Security Organisation. The purpose is to contribute to a unified and harmonised follow-up of HSE in petroleum operations offshore and on land which is as efficient and coordinated as possible.

In its planning and implementation of supervision, the PSA can consult with and bring in necessary competent support from other government agencies with expertise in their own areas of competence. This arrangement is based on collaboration agreements with the following bodies.

- Norwegian Labour Inspection Authority
- Directorate for Civil Protection (DSB)
- Civil Aviation Authority Norway
- Norwegian Meteorological Institute
- Norwegian Radiation Protection Authority (DSA)
- Norwegian Communications Authority
- Labour and Welfare Administration (NAV)
- Norwegian Maritime Authority (NMA)
- National Institute of Occupational Health (Stami)
- Norwegian Board of Health Supervision



PSA, Professor Olav Hanssens vei 10.



Social remit

The PSA supervises and sets the agenda for checking that the players maintain a high level of safety, health, the working environment and security. On an independent basis in its area of competence, it will follow up that players in the petroleum sector fulfil their responsibilities pursuant to Norwegian legislation on petroleum activities and the working environment, and other relevant regulations which come under its authority. Among other sources, the PSA's responsibilities are specified in Proposition no 1 (2018-2019) to the Storting, the letter of allocation for 2019, the goals for its overall performance targets and its strategies for 2019.

Goals

Proposition no 1 (2018-2019) sets the following overall goals for labour and welfare policy:

- an adaptable labour market with high employment
- financial and social security
- a safe and sound working life.

The PSA's efforts in 2019 will contribute to the following sub-goals in Proposition no 1:

- low risk for major accidents in the petroleum sector
- developing and disseminating new knowledge about the working environment, working conditions, occupational health and safety.

The letter of allocation for 2019 gives these goals specific form through the following performance targets, with their main priorities for the year.

3.1 Risk of major accidents in the petroleum sector to be reduced

- Decisions significant for selecting robust technical, operational and organisational solutions
- Risk related to well-control incidents

Goal	Instruments	Results
Performance target	Activities	Products
The risk of major accidents will be reduced Enterprises must concentrate more proactively on a preventive working environment and safety, and ensure acceptable work conditions The PSA will develop and share updated and aligned knowledge of risk, safety and the working environment The PSA will maintain and further develop risk-based HSE regulations and standards – in close dialogue with the parties The PSA will develop and maintain good administrative data which manifest and validate the effects of its work	Supervision	Audit and investigation reports
	Guidance	Observations, measures
	Evolution of knowledge	Consents, AoCs
	Tripartite collaboration	Updated regulations and standards
	Regulatory development and standardisation work	Regulatory interpretations and exceptions
	Administrative duties	Seminars, technical reports/publications, minutes, memoranda
	Advice and reporting to ministry	Decisions, dealing with appeals, reporting and notification
	Facilitate bi- and tripartite collaboration	User surveys, dialogue and status meetings
	Coordinating government follow-up of the industry	Professional advice to ministry processes and outcomes
	Develop and use data and knowledge about the effects of its work – internally and externally	

- Risk related to hydrocarbon leaks
- Security against deliberate attacks
- Taking care of ICT security in industrial systems
- Preventing acute pollution, particularly in the far north

3.2 The players must improve their work on a preventive working environment, health and safety, and on ensuring prudent working conditions

- Systematic preventive efforts directed at working environment risk
- Making provision for genuine worker participation
- Identifying and dealing with HSE risk related to restructuring and change
- Supervision of pay and working conditions for foreign employees where rules on the general application of collective pay agreements are in place

3.3 Other priorities

- Knowledge development
- Regulatory development
- Collaboration between the parties and with other government agencies

Performance-based management

The PSA has many different instruments for reaching its goals. By using these efficiently in combination with the effective use of resources and expertise, it makes a positive contribution to meeting targets and provide guidance on how a risk-based approach to supervision can have a significant positive effect on player performance. The instruments are applied differently depending on whether the goal is to help reduce major accident risk or working environment risk. Correlations between the PSA's efforts and their effects can be described in the targets and results chain below.

User effects		Social effects	
User goals	Characteristics	Societal goals	Characteristics
The players increase their knowledge and motivation, and work systematically and proactively on safety and the working environment Predictable and consistent regulations and standards which contribute to continuous improvement Compliance with regulations Ministry receives good professional advice Good collaboration and coordination between the parties and the authorities The PSA's initiatives and activities contribute to improvement	The players have developed management systems and comply with corporate procedures and standards	The petroleum sector maintains and develops a high level of technical and operational safety, and of occupational safety and health The petroleum sector has a well-functioning HSE regime	Good working conditions prevail in the petroleum sector
	The players have sufficient expertise and capacity in the HSE area		Few incidents related to people, the environment and material assets
	The players act on the PSA's measures and demonstrate self-interest in achieving continuous improvement		A mutual and aligned understanding of risk prevails in the petroleum industry
	Good dialogue between the parties and between government agencies		Parties have mutual trust, and tripartite collaboration is mutually recognised as functioning in line with its intentions
	The PSA and independent players can predict probabilities for the effects of the authority's work		The performance-based regulations are acknowledged and complied with

Organisation and management

The PSA is organised as follows.



Top management

Anne Myhrvold is the director general. In addition, the top management comprises six area directors.

Supervision

Six supervisory teams monitor and follow up specified groups of players in the industry. Each is led by a head of supervision, who has product responsibility and formal decision-making authority. One person is appointed in each team to function as a fixed point of contact for the players.

Professional competence

The PSA's specialist HSE expertise is divided into six core discipline areas, each headed by a discipline leader responsible for personnel and for technical/expertise development. The disciplines are:

- drilling and well technology
- process integrity
- structural integrity
- logistics and emergency preparedness
- occupational health and safety
- HSE management.

Legal and regulatory affairs

This unit is responsible for the dialogue with the ministry regarding administration, studies, regulatory development, participation in standardisation work and agreements with other agencies. It also contributes by ensuring the legal quality of the regulations, audit reports and other products where the formal basis must be clear and unambiguous.

Communication and public affairs

Responsibilities of this unit include media relations, operating the website, and producing online and printed publications

Internal support and development

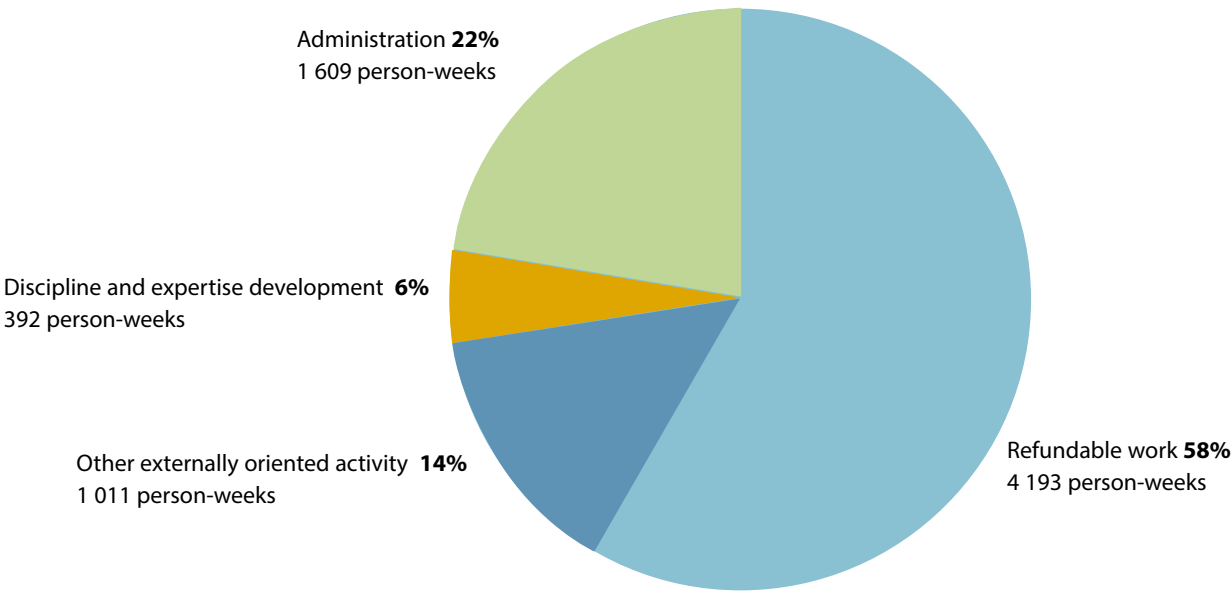
This unit is responsible for internal administration, and comprises central support functions such as finance, human resources, information management, internal security and system development.



Resource utilisation by main area

The PSA had 178 employees (173 full-time equivalents – FTE) at 31 December 2019, including 177 permanent staff and one office trainee. That represents an increase from 176 (171 FTEs) a year earlier. Women account for 46 per cent of the work-force and men for 54 per cent. The PSA assesses its recruitment regularly in order to match with its assignments and financial resources.

A system for internal resource management has been established, with all staff registering their resource use in specified categories on an hourly basis. This gives an overview of the total time devoted to various main areas, and provides data on whether resources are managed effectively and in accordance with the PSA’s priorities. Resource use in 2019 is broken down into refundable work, other externally oriented activity, discipline and expertise development, and administration. More detail on usage by performance target is given in part III. The graph and table below present resource use by main area in per cent and person-weeks.



Year	Refundable work	Other externally oriented activity	Discipline and expertise development	Administration
2017	56%	17%	6%	21%
2018	57%	16%	6%	21%
2019	58%	14%	6%	22%

Refundable work

This includes planning and execution of the PSA’s refundable work under the reimbursement regulations and for the Oil for Development programme at the Norwegian Agency for Development Cooperation (Norad). Such work accounted for 58 per cent (4 193 person-weeks) of resources used in 2019, a slight increase from 2018. About 2.5 per cent of this related to Norad.

Other externally oriented activity

This includes directorate-related work and information dissemination. Directorate work deals largely with regulatory development and interpretation related to discretionary consideration of specific requirements, standardisation work and advice to the ministry as well as collaboration with national and international authorities. Other activities include dealing with police cases, appeals, consultations and freedom of information (Fol) requests for access to documents. This area used 14 per cent (1 011 person-weeks) of resources in 2019, a slight decline from 2018. That is because the PSA devoted considerable efforts in 2017-18 to a number of substantial directorate-related assignments, such as the report of a tripartite group, a White Paper, regulatory work and studies related to vessels and the Auditor-General’s audit. However, resource use in this category may increase in the future because of more extensive directorate-related assignments. To take account of this, the PSA is considering a reprioritisation of its resources and recruitment work within the budget framework.

Technical and competence development

This covers the acquisition of expertise and skills by individuals, as well as participation in research and development (R&D) projects to monitor and follow up technological and knowledge trends in the petroleum business so that the PSA can maintain an updated picture of risk and industry developments and is able to share this knowledge with the sector. Substantial resources were devoted in 2019, for example, to ICT security and new technologies to ensure that the authority pursues a prioritised and targeted follow-up to reduce risk. The category accounted for six per cent (392 person-weeks) of total resource use in 2019, which was stable in relation to previous years.

Administration

This covers activities related to administration not covered by the reimbursement regulations, including strategy work, planning, management, technical and team meetings, organisational development, employer-union collaboration and worker participation in the PSA, and administrative support. It also includes processes related to contracts and procurement, human resources, finance and information management. The category accounted for 22 per cent (1 609 person-weeks) of total resource use in 2019, which has been stable over time.

Selected key figures	2017	2018	2019
Audits/verifications	189	198	238
Notices of orders	11	15	14
Orders	9	14	14
Coercive fines, reports to the police and halts	1	0	0
Investigations	5	5	9
Days offshore	484	663	673
Consents given	84	107	107
Applications for acknowledgement of compliance (AoC)	4	0	6
Plans for development and operation (PDO) and installation and operation (PIO) reviewed and submitted	4	10	6
Police cases	10	3	4
Appeals	19	10	1
Consultation processes	82	98	60
Fol requests (requests/register entries)	1 083/7 217	637/2 307	871/7 982

Presentation of selected key figures

The table below presents an overview of selected key figures for 2017-19, with some general comments related to the figures and their development.

Audits/verifications: The number of audits rose from 189 in 2017 to 238 in 2019. Variations from year to year may also relate to differences in the scope and complexity of each audit/verification activity. In addition, the PSA's audit strategy has given priority in recent years to achieving a greater presence on facilities and at plants, which helps to explain the steady increase from 2017 to 2019.

Notice/issue of orders: The PSA gave notice of and issued 14 orders in 2019. There has been a steady but not dramatic rise in the use of orders in recent years. The PSA has also initiated a more systematic follow-up of how the players correct identified nonconformities. This has led to several findings of a severity which underscore and confirm that orders are an effective instrument.

Coercive fines, reports to the police and halts: No use was made by the PSA of coercive fines, reports to the policy or halts to activities during 2019. However, close contacts were maintained with the police, particularly in relation to serious incidents.

Investigations: Nine incidents were investigated by the PSA in 2019, four more than in each of the two previous years. No fatal accidents occurred in the petroleum sector in 2019. The seriousness of an incident is the most important criterion when assessing whether to launch an investigation. Other factors can also determine whether an incident is investigated or followed up in another way. One investigation in 2019, for

example, concerned a "non-incident", where the PSA was concerned that the condition of the plant in question involved a high risk of an actual incident occurring.

Days offshore: Days spent offshore by PSA personnel rose in the past three-year period. This relates directly to the supervisory strategy for 2019, where priority has been given to audits and visibility offshore and at the onshore plants.

Consents given: Totalling 107, consents in 2019 were at the same level as the year before but above the 84 given in 2017. That reflects increased activity over the past two years compared with 2016-17. The figure for 2016 was down to 78. A large share of the PSA's consents relates to drilling activities.

AoC applications: Applications considered reflect the number of mobile facilities coming to the NCS for the first time. After a year without such requests, the PSA dealt with six in 2019. That represents a relatively big increase and a substantial use of resources. Applications relate primarily to the construction of new facilities which have secured a contract on the NCS.

PDOs and PIOs: The PSA reviews these formal application documents and subjects them to safety assessments. Technical safety evaluations are then submitted to the ASD as the ministry with overall responsibility for petroleum industry safety, and further passed formally as professional advice to the Ministry of Petroleum and Energy (MPE), which is responsible for coordinating and approving the plans. The PSA dealt with 10 PDOs in 2018, a marked rise from four the year before, and with five PDOs and one PIO in 2019.

Police cases: Four cases were received for consideration in 2019. Three involved Equinor as operator, while the fourth concerned Aker BP. Two incidents occurred more than a year before the police forwarded the case to the PSA.

Appeals: The PSA dealt with one appeal in 2019, a marked decline from earlier years. This dealt with Fol, and led to a partial revision. The ministry then upheld the PSA's decision.

Consultations: The PSA was invited to contribute to some 60 public consultations in 2019. In addition came consultations related to standardisation work by the NEA, the MPE and other bodies where the PSA is asked to comment. The scope of work related to consultations was thereby roughly the same as in previous years.

Fol requests: A total of 871 Fol requests covering 7 982 register entries were received by the PSA in 2019. A request in December for insight in 4 873 forms with notifications and reports of hazards and accidents made a significant contribution to the large number of register entries concerned. Fol requests vary from year to year, depending on cases and incidents. A number of requests are often received if great media attention is being paid to individual cases.



KEY FIGURES FROM THE FINANCIAL STATEMENTS FOR 2017-19

Selected key figures for 2017-19 are presented below, with associated explanations.

KEY FIGURES	2017	2018	2019
Employees	173	172	174
Agreed FTEs	172	172	174
Performed FTEs ¹	170	170	172
Combined allocation, items 01-99 ²	310 855 725	320 182 000	333 260 000
Utilisation ratio, items 01-29	92.9%	95.1%	95.2%
Operating expenses	291 810 984	301 295 508	327 847 191
Share of payroll costs in operating expenses ³	68.9%	68.0%	66.4%
Payroll costs per FTE	1 179 643	1 206 094	1 262 569

Employees: Employees increased from 172 in 2018 to 174 in 2019

Agreed FTEs: Agreed FTEs rose from 172 i 2018 to 174 in 2019.

Performed FTEs: FTEs performed rose from 170 in 2018 to 172 in 2019.

Combined allocation, items 01-99: The combined allocation for items 01-99 increased by NOK 13.1 million from 2018. In addition to a general pay and price adjustment, the appropriation rose as a result of enhanced follow-up of ICT security in particular and the petroleum sector in general.

Utilisation ratio, items 01-29: The utilisation ratio expresses the share of expenses in items 01-29 of the allocation. This showed a slight rise over the three-year period, from 92.9 per cent in 2017 to 95.2 per cent in 2019.

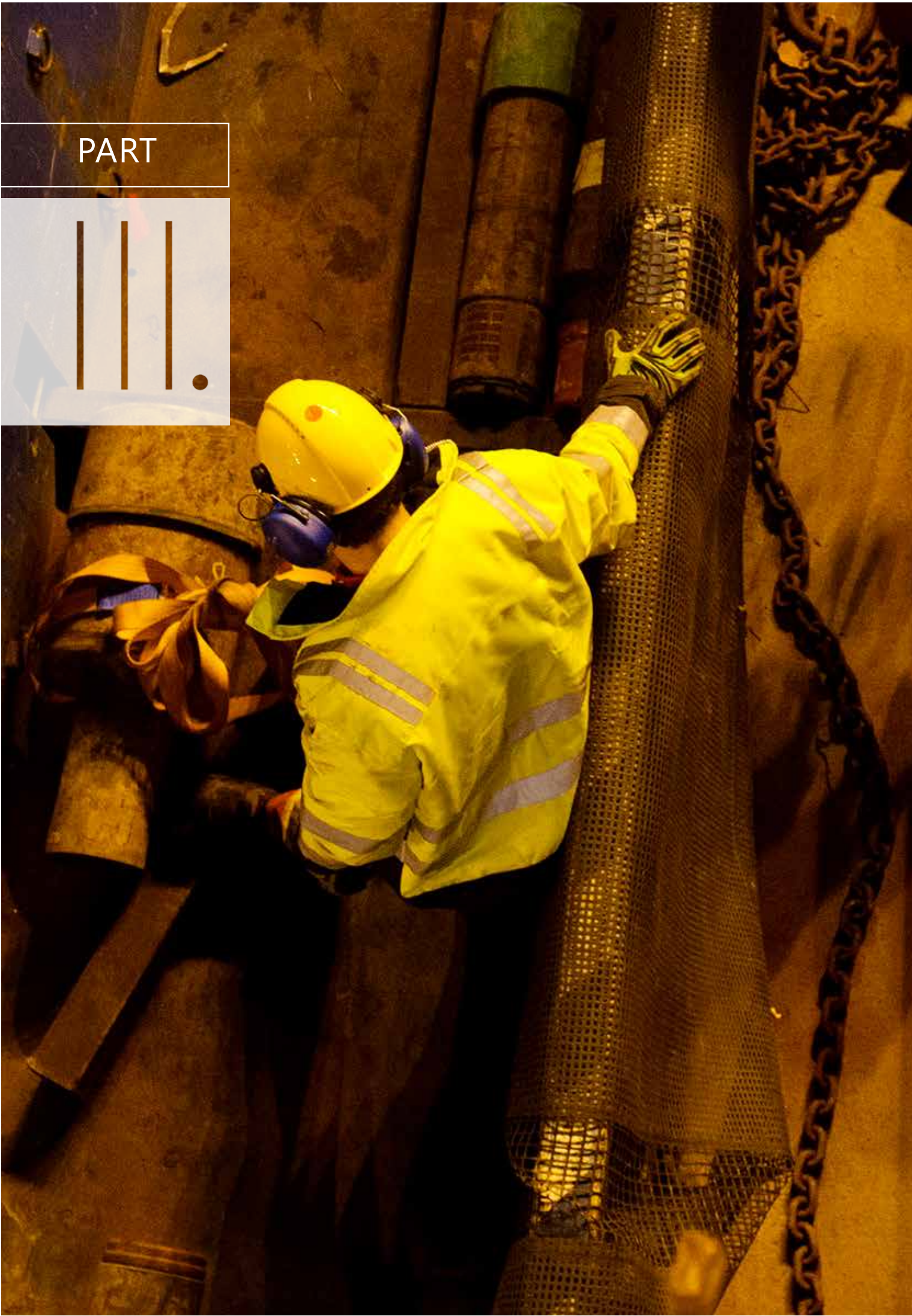
Operating expenses: These rose by NOK 26.5 million (8.8 per cent) from 2018 to 2019. Payroll costs have risen because of workforce growth and the 2018 collective pay settlement. The PSA also received an increased appropriation to strengthen its follow-up of the petroleum sector. That has increased costs through the purchase of consultancy services and the use of support from other government agencies, as well as a rise in travel costs related to implementing supervisory activities.

Payroll costs per FTE: Comparing payroll costs per FTE in 2018 and 2019 shows an increase of 4.7 per cent per FTE.

¹ With effect from the 2020 financial year, the number of FTEs performed will be calculated in accordance with the definition specified in PM-2019-13.

² Includes charge authorisations.

³ Payroll costs included when calculating the share of pay in operating expenses cover pay, holiday pay, employer's National Insurance contribution, pension costs and other benefits, less reimbursements from the NAV.



PART



PART III. Activities and result in 2019

Overall assessment of goals attained

This chapter accords with the performance-area structure specified in the letter of allocation for 2019. Norway's national goals for HSE in the petroleum sector set politically determined targets for effects on society and users. Efforts in 2019 (resources and activities) and the degree of goal attainment (results) are assessed by how far the PSA has contributed to the following target effects:

- the players acquire greater knowledge/awareness
- the players acquire increased motivation
- the players become better at/more systematic with prevention.

The PSA uses various instruments and combinations of these to ensure goal attainment and exert a positive impact on player performance. Supervision, guidance, regulatory development, knowledge dissemination and collaboration as well as professional advice to the ministry are among the most important. Instruments are selected to achieve the optimal effect, based on the PSA's knowledge and experience of the target groups. They cover a wide spectrum of activities and can be applied in various ways, from audits of specific facilities or plants to large-scale campaigns directed at the whole sector. And the same instruments can be used with different kinds of methodology. Dialogue as an instrument, for example, can range from pure information-gathering to strictly formal meetings with immediate outcomes and measures. The PSA continuously assesses the effects achieved by its instruments. This is important for further prioritisation and follow-up in order to achieve its goals and the maximum impact from its efforts.

An important message in 2019 also came from Report no 12 (2017-2018) to the Storting. Its main conclusion was that the regulatory regime for HSE is well-functioning and should be maintained. It also emphasised the importance of a strong and clear supervisory authority to ensure that the regime is maintained and further developed. The PSA initiated several processes and activities in 2018 to ensure that it fulfils the expectations and messages in the White Paper. This work continued in 2019.

In 2019, the PSA emphasised further development of its supervisory strategy and being consistent and clear in its use of instruments and reactions. Interventions will be system- and risk-based, and supplement the work done by the companies themselves. The PSA thereby gives great weight to the way the players accept this responsibility and actively demonstrate how they identify, deal with and reduce risk. More checks that nonconformities are actually corrected have been made in recent years.

Special attention was also paid during 2019 to the licensing system and associated award criteria for and supervision of vessel activities in the petroleum sector. Other priorities were continued development of the trends in risk level in the petroleum activity (RNNP) project, the early phase and field projects.

The White Paper identified a need to continue developing the RNNP as significant for establishing a unified risk picture and to strengthen one of the PSA's most important tools for risk-based follow-up. Indicators for health, the working environment and major accident risk were improved and validated in 2019. The RNNP questionnaire and implementation method were also upgraded, and results from the survey made more accessible for the industry with the "Rnnp.no" portal.

Key cornerstones in the HSE regime for the petroleum sector are worker participation and cooperation between employers and unions. Dialogue and collaboration with these parties in working life are pursued through such established tripartite arenas as the Safety and Regulatory Fora, which the PSA facilitates and chairs. Where worker participation and collaboration between the parties is concerned, particular attention is paid to audits, status meetings with the companies, and regular meetings with unions and the forum for coordinating chief safety delegates.

Another factor affecting the choice of instruments and efforts is the operating parameters which characterise the industry. Pressures for change and enhancing efficiency are still present, and ever greater attention is being paid to the environmental consequences of petroleum operations. Swifter adoption of new knowledge and technology which can make the industry both more environment-friendly and cost-effective is being demanded.

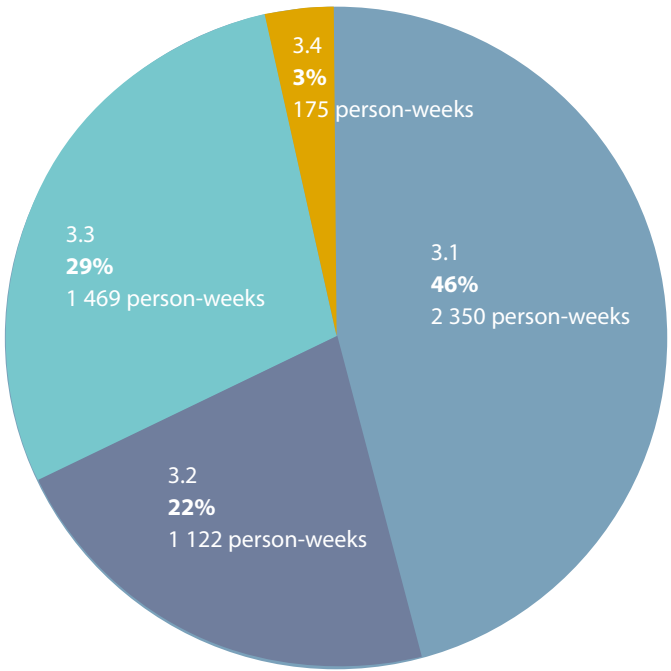
A high level of activity in the industry characterised 2019. In this context, the PSA carried out more audits than before, totalling 230, did much work to disseminate knowledge and expertise, devoted considerable resources to regulatory adjustments and developing new regulations, took care of and further developed its directorate functions, and pursued many activities in the tripartite arena. Much attention was also paid to internal development and improvement efforts.

Many factors influence the level of safety. That makes assessing and reporting the effect of the PSA's efforts challenging and complex. Assessment of effects must be viewed in the light of the Norwegian regulatory framework and the established supervisory regime for following up the players. Attention has been paid to the delay which can occur between the PSA initiating activities and identifiable impacts which affect its goals, performance targets and main priorities. Experience with supervisory activities and feedback from the players in 2019 indicate that its biggest effect is achieved by exerting influence over a long time and at several levels and by combining various instruments. In priority areas such as hydrocarbon leaks, high-risk groups, barrier management, and management and major accident risks, the PSA has shown that considered and systematic use of instruments over time yields the best long-term effects and safety improvements.

Use of resources – efforts by performance target

Supervision must be as resource-efficient as possible, and the PSA will set detailed priorities for the highest possible attainment of goals. The figure below breaks down its use of resources by performance target in per cent and person-weeks.

Resource use by performance target in per cent and person-weeks.



As the graph shows, the PSA devotes 46 per cent of its resources to following up performance target 3.1 on major accident risk, 22 per cent to target 3.2 on the working environment and 29 per cent to target 3.3 on other priority work, including knowledge acquisition, regulatory development and inter-party collaboration. Three per cent of the resources have been devoted to target 3.4 on governance information (goals, results and assessing effects).

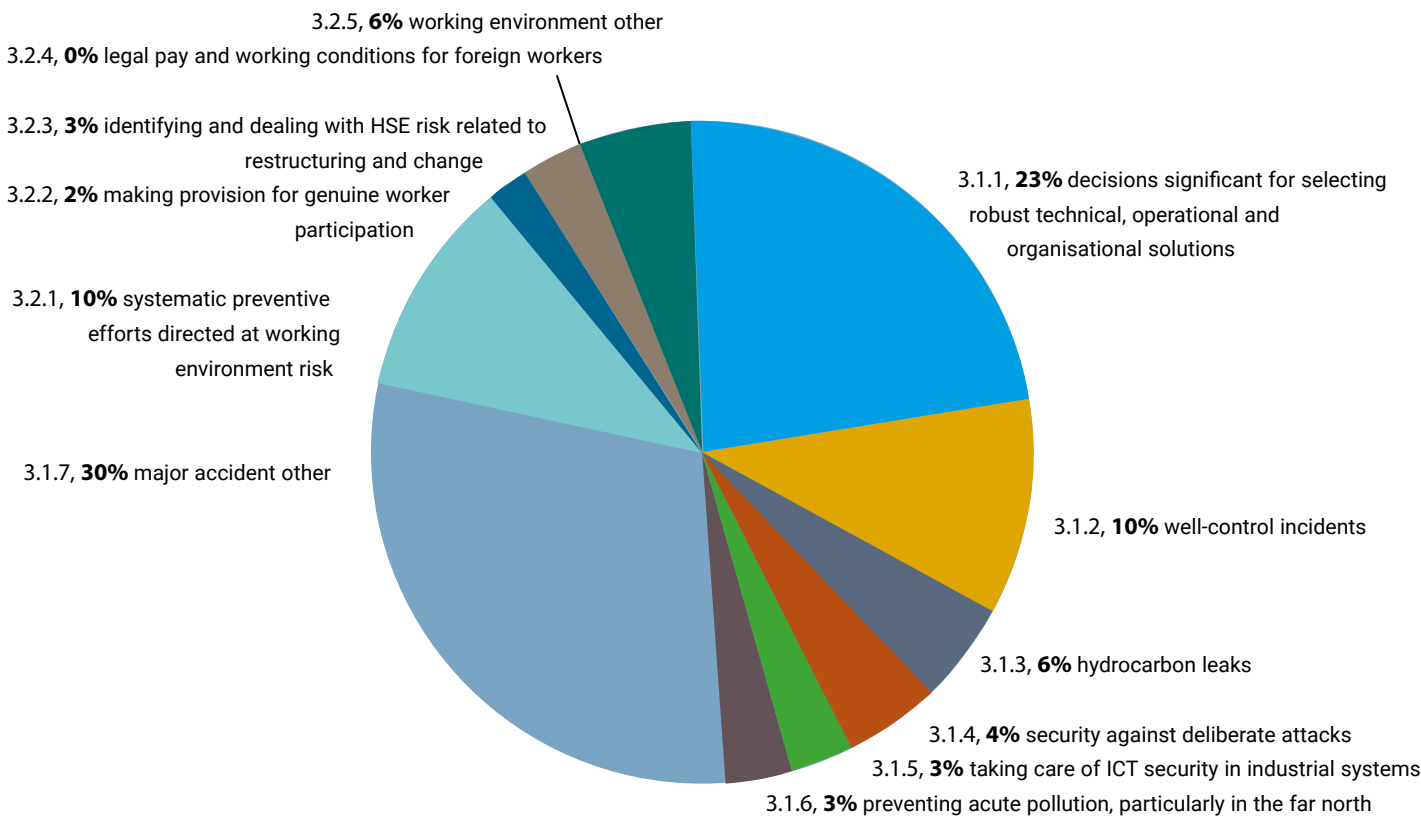
Resource use with target 3.1 rose by 11 per cent from 2018 to 2019. The PSA also registered a 12 per cent rise for target 3.2. The increased efforts devoted to major accident and working environment risk must be viewed in relation to the risk picture established by the PSA as the basis for its supervision strategy in 2019. These performance targets with associated main priorities were identified as areas where a stronger effort was needed. Where target 3.2 is concerned, work on a new inclusive workplace (IA) agreement also called for rather greater efforts than initially expected.

The breakdown reflects the efforts devoted to the performance targets specified as main categories. However, a number of activities will relate to more than one target. While a cross-disciplinary audit, for example, could involve follow-up of both major accident and working environment risk, the activity will only be registered under one target. That does not emerge from the figure.

Resources used for targets 3.1 and 3.2 and associated main priorities

The PSA compiled a new overview in 2019 of its use of resources for targets 3.1 and 3.2 with associated main priorities, as part of the 2018 annual report. This was done to provide a more detailed presentation of resource use in priority areas. The graph shows only the PSA's own efforts (hours) related to billable fees and sector assignments, and not its overall resource use and costs within each main priority. Studies and reports carried out by external consultants, for example, will not be reflected in this graph. Such knowledge development activities and their scope are covered under target 3.3. Total hours in the graph amount to just under 140 000. This figure shows that around 80 per cent of the PSA's activities related to work on reducing major accident risk and the remaining 20 per cent to efforts directed at a preventive working environment.

Use of resources for performance targets 3.1 and 3.2 with associated main priorities.



The breakdown of main priorities for target 3.1 shows that 23 per cent of the PSA's efforts related to "decisions significant for selecting robust technical, operational and organisational solutions" (3.1.1), 10 per cent to reducing the risk of "well-control incidents" (3.1.2) and six per cent to the main priority on "hydrocarbon leaks" (3.1.3). The hours committed to "security against deliberate attacks" (3.1.4) amounted to four per cent, with "taking care of ICT security in industrial systems" (3.1.5) and "preventing acute pollution, particularly in the far north" (3.1.6) accounting for three per cent each. "Major accident other" (3.1.7) took 30 per cent of the PSA's hours worked and covered a variety of assignments related to reducing major accident risk, such as investigations, major accident audits at onshore plants, emergency preparedness audits, maintenance management, process and structural integrity, follow-up of vessels, new solutions and technology, and certain knowledge-acquisition projects in various disciplines. "Major accident other" embraces assignments the PSA must prioritise, but which do not fall within the defined main priorities.

Breaking down the PSA efforts devoted to the main priorities under target 3.2 shows that 10 per cent was devoted to "systematic preventive efforts directed at working environment risk" (3.2.1), two per cent "making provision for genuine worker participation" (3.2.2) and three per cent to "identifying and dealing with HSE risk related to restructuring and change" (3.2.3). "Working environment other" (3.2.5) accounted for six per cent and covers such assignments as cross-disciplinary audits of materials handling, maintenance, cranes and lifting, and follow-up of serious personal injuries. Where the main priority on "legal pay and working conditions for foreign workers" (3.2.4) is concerned, the PSA had no directly measurable activities related to collective pay agreements given general application since no such agreements currently exist for workers at the onshore plants. The PSA therefore has no authority to monitor pay terms for these groups. However, foreign workers are covered by other types of supervisory activities included in systematic preventive work on working environment risk.

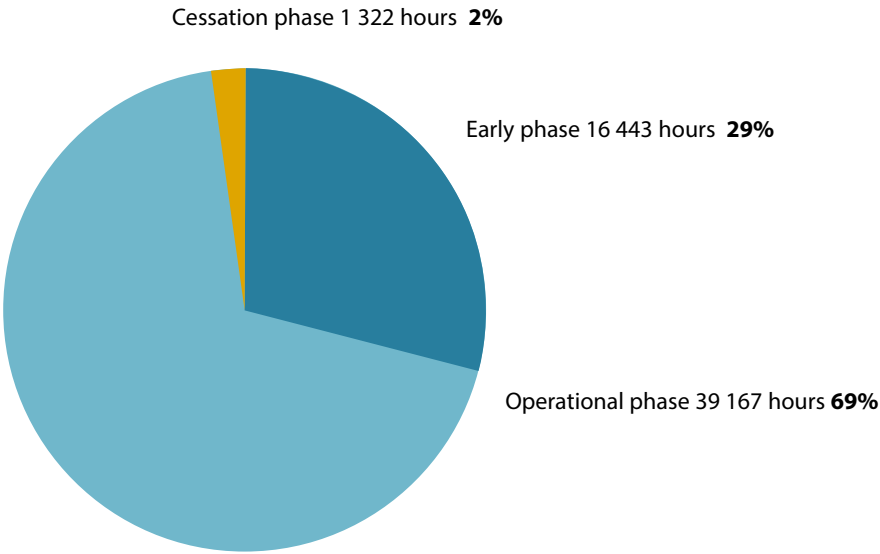
Resources used in various field development phases

The PSA developed a presentation in 2019 which describes its use of resources in the various phases of a field’s economic life. The graph below provides an overview of efforts in hours broken down by whether the activity relates to the early, operations or cessation phases. It does not include consents.

The graph shows that 29 per cent of the PSA’s resources were applied to the early phase. This covers follow-up of projects before a PDO is submitted and in the period when facilities are under construction, and includes activities directed at prequalification, AoCs, PDOs for facilities and plants, readying for operation, and major projects and modifications.

Resources devoted to the operations phase represent the largest percentage share, at 69 per cent. That reflects where the main activities take place, and where the PSA’s priorities are located. Finally, the cessation phase covers work associated with plugging wells and the disposition and removal of facilities. In 2019, this accounted for only two per cent of the PSA’s use of resources. However, that is expected to increase in coming years.

Resources used for the early, operations and cessation phases in 2019.

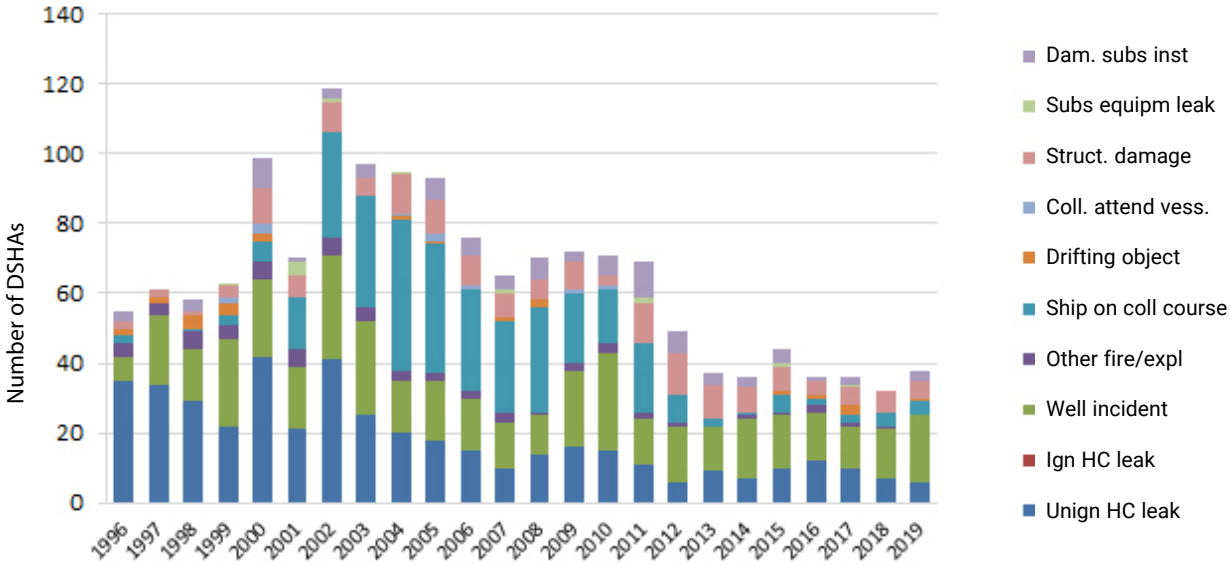


To summarise, the graphs show where the PSA made its main efforts in 2019. This is the result of the priorities set in the supervision strategy for the year. At an overall level, it also shows that the PSA succeeded in concentrating attention on the performance targets and main priorities specified in the letter of allocation, and at priorities based on the risk picture established when plans for 2019 were laid. The presentation of resource use provides a good basis for assessing the PSA’s implementation capacity and for analysing correlations between implementation, results and effects with regard to its performance targets and main priorities.

Performance target 3.1 Risk of major accidents in the petroleum sector to be reduced

A major accident is the most serious event which can hit the petroleum industry. When the PSA evaluates risk and sets risk-based priorities, its assessments rest on several sources. Risk information is used at aggregated and detailed levels, trends for various major accident and working environment indicators are evaluated, and new emerging risks are assessed. The key sources for risk information are the RNNP survey, information and experience from audits, investigations, notifications and whistleblower reports, and input from meetings and dialogue with players and parties in the sector.

The RNNP utilises a number of safety and working environment indicators to monitor petroleum industry developments. A positive trend for risk level has been seen in Norway’s oil and gas sector, and the major accident indicator was the lowest-ever in 2018. By contrast, reported incidents rose in 2019 because of several well-control events and damage to risers. The major accident indicator, which reflects the number of serious incidents and their potential for loss of life, shows greater annual variation because individual events with a big potential have a relatively big impact on the indicator. Viewed overall, this indicator has also developed positively over time – in part through fewer hydrocarbon leaks. That shows the industry has got better at managing conditions which influence risk. The graph below presents an overview of the trend for incidents with a major accident potential in 2000-19 (source: RNNP 2019). The RNNP report for 2019 was published on 2 April 2020.



Although the level of safety is high, a larger number of serious incidents occurred in 2019 than the year before, and the PSA almost doubled its investigations from 2018. National and international investigations show that the course of events in major accidents is often complex, and that human and organisational factors can make strong contributions to such incidents.

The PSA investigated nine incidents in 2019:

- collision between supply ship and facility (*Sjoberg* and *Statfjord A*)
- unintentional disconnection of lower marine riser package (*West Hercules*)
- Dropped object/trolley (*Åsgard B*)
- Dropped object (*Gyda*)
- Bursting of nitrogen gas cylinder (*Heimdal*)
- Oil spill (*Statfjord A*)
- Fire and smoke in inlet separator (*Snorre B*)
- Gas leak (*Aasta Hansteen*)
- Weaknesses with safety valves in the plant (*Hammerfest LNG*)

The main purpose of such investigations is learning and experience transfer to the industry. Playing a key role in the PSA's supervision, their reports are published at www.Psa.no. More details of selected investigations in 2019 are given under the performance targets and their main priorities.

Drawing on base data, trends and its own assessments, the PSA sets priorities for areas to be given particular attention so that its efforts will help to reach the goal of reducing major accident risk. The main priorities under target 3.1 in 2019 were:

- decisions significant for selecting robust technical, operational and organisational solutions
- risk related to well-control incidents
- risk related to hydrocarbon leaks
- security against deliberate attacks
- taking care of ICT security in industrial systems
- preventing acute pollution, particularly in the far north.

On the basis of more specific risk assessments, subjects and priority activities are chosen in each area for attaining the desired results. Activities, methods, results, findings, reactions and evaluations of effects are presented below in these main priorities and in other subjects viewed by the PSA as important for achieving its goals in 2019, based on the target and result chain presented in part II.

Decisions significant for selecting robust technical, operational and organisational solutions

The petroleum sector is characterised by restructuring and efficiency improvements, and the PSA sees a trend towards introducing new technology, solutions and operating modes. Such a development offers both opportunities and challenges. In that context, the PSA conducted audits in 2019 on how companies and managements take decisions which ensure robust solutions and continuous improvement, and actively reduce risk. This has been followed up when digital technologies are adopted, when drilling operations are to be automated or when takeovers, mergers or other major efficiency enhancement processes are to be implemented.

Technical, operational and organisational solutions can have great significance for major accident risk in the petroleum sector. Sufficient robustness provides the basis for dealing with changed preconditions and near misses. It is important that industry players use robust technical, operational and organisational solutions which reduce the threat of faults, hazards or accidents.

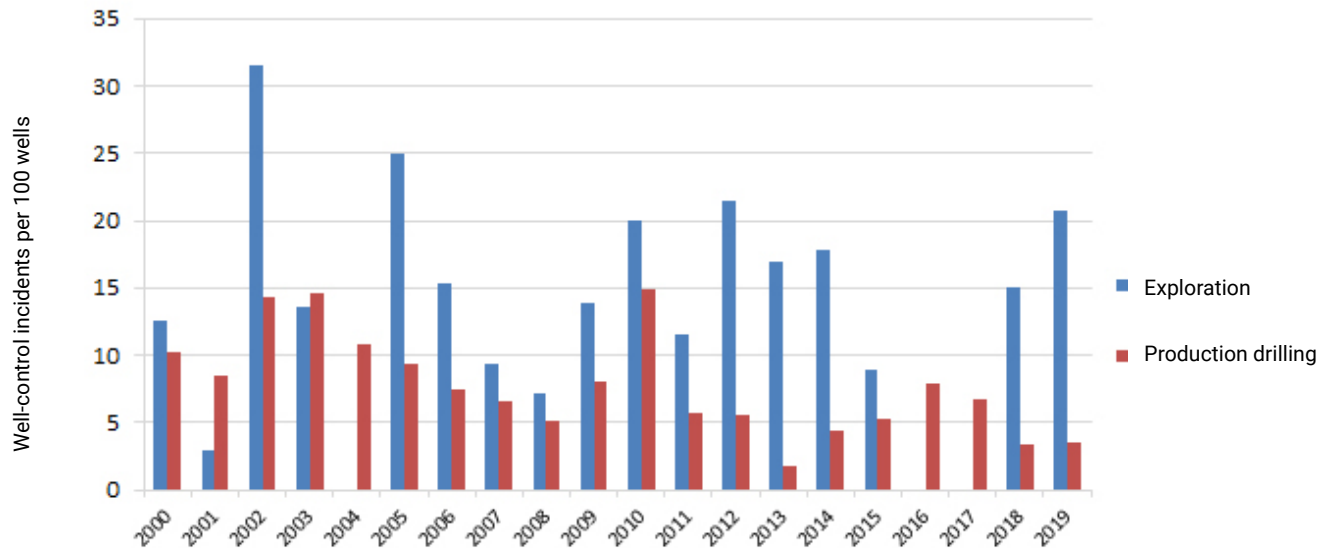
During 2019, the PSA focused on the way the players proactively try to adopt robust solutions at the planning stage and on how they maintain these in every phase through maintenance and barrier management. Audits by the PSA reveal that several players have implemented new solutions to ensure that their barrier functions, with operational and organisational elements, are established and accord with the risk picture for the specific facility. The PSA has also verified that more training and drills are being carried out than before, which will improve the ability of offshore organisations to deal with incidents. Many companies had nevertheless failed to make similar progress with including operational and organisational elements in their barrier management, but the PSA found that this was being worked on. Efforts to include drilling and well operations in barrier management to a greater extent are being piloted. Plans call for these to be implemented on fixed and mobile facilities and at the majority of the onshore plants during 2020.

The PSA initiated and contributed during 2019 to R&D activities, specialist conferences, and technical meetings with consultants and research teams. A dedicated network for operational barrier management has been established, with broad representation from the petroleum sector because the companies themselves have seen the effect of experience transfer. Activities in 2019 aimed at decisions significant for selecting robust technical, operational and organisational solutions contributed to greater knowledge, enhanced awareness and improved systematic prevention in the industry. The PSA finds that a systematic and long-term approach over time has an effect.

Risk related to well-control incidents

Loss of well control represents a major accident risk in all drilling and well activity, including exploration and production drilling, well maintenance, and well plugging and abandonment. Reducing well-control incidents and paying greater attention to well integrity are significant for reducing major accident risk. Developments with well-control incidents and well integrity are closely monitored by the industry and the PSA.

The graph below presents well-control incidents per 100 wells in exploration and production drilling in 2000-19. A total of 57 exploration and 196 production wells were spudded in 2019. The graph shows that a large number of incidents per 100 wells were registered during the period in exploration drilling. Of the 19 well-control incidents in 2019, 18 were classified as level 3 – low severity. One was classed as serious. If the number of incidents is normalised with the level of activity, however, the level is nevertheless seen to lie within the expected value (source: RNNP 2019).



Many fields on the NCS are in their final phase, and activity related to well plugging will grow in coming years. Permanent plugging is being planned and implemented on several facilities in 2019-20. An increase has also been seen in the number of wells where sections will be plugged back in order to drill a new lateral from the main bore. The PSA has registered a rise in well-control incidents related to plugging in recent years.

A number of activities were conducted by the PSA in 2019 to reduce the risk of well incidents and prevent acute pollution. Knowledge has been acquired about safety challenges with well control as well as with associated equipment and expertise. The PSA is prioritising this approach because of the importance of knowing the level of expertise in the industry. Audit campaigns have also been conducted with well control, as well as studying the use of alternative drilling methods, barrier management and dealing with well control. The PSA notes that the companies are working actively, both individually and collectively, to reduce time and costs and to maintain safety when plugging.

Audits were conducted in 2019 with digitalisation, automation and robotisation of drilling and well operations, and the application of new technology for well control was in focus. The PSA also participated in relevant national and international working and committee meetings and conferences to share experience and enhance expertise, and held a one-day seminar in 2019 to spread knowledge to the industry about challenges related to well design, robustness and well control incidents. These activities have increased knowledge about and expertise-sharing on these subjects.

Over the past two years, the PSA has received applications for consent to drill wells whose design could present challenges in halting possible blowouts. As part of some consents, technical advice has been given to the NEA where the planned well design presents challenges for environmental risk analysis because of high potential oil spill rates. Both in audits and when considering consents, the PSA has therefore focused on ensuring that well design is robust and accords with the regulations so that no leaks to the environment can occur. New and non-traditional solutions are constantly being proposed to reduce the cost of well plugging and abandonment, and the PSA has therefore checked that the companies are adequately qualifying and verifying their chosen solutions.

The PSA investigated a well incident on *West Hercules* in the Barents Sea during 2019. This was caused by a fault in the automatic disconnect system which led to the unintentional disconnection of the lower marine riser package during drilling. The well was secured, so there was no risk of discharge from the reservoir to the environment. Had the incident occurred at a later time, with hydrocarbons present, the outcome could have been very different. The PSA's investigation identified several underlying causes, such as deficiencies in risk and change management, lack of expertise and capacity in the organisation, and inadequate procedures and compliance with maintenance routines. These findings led to improvement work by the rig owner, who reviewed its own systems for risk, maintenance and change management. The company's experience has been shared with other facilities using the same equipment, and it has done its own follow-up with the supplier. As the supervisory authority, the PSA will also follow up these issues with an audit in 2020.

To establish the significance of the authority's overall efforts to ensure a high level of safety in well control, an assignment was awarded in 2019 to the Menon Economics and DNV GL consultancies to investigate various conditions affecting the level of safety in well control and chemical health risk. Responses to a survey indicated that the most important conditions for a high level of well safety are the framework of regulations and standards, the company's own prioritisation of technical and operational safety and the working environment, and the technical expertise of the company's own staff. The evaluation also showed that the PSA's activities, such as audits, investigations and technical seminars, are considered to have an impact on the industry's work with risk reduction, and that the companies focus on well control in order to reduce major accident risk.

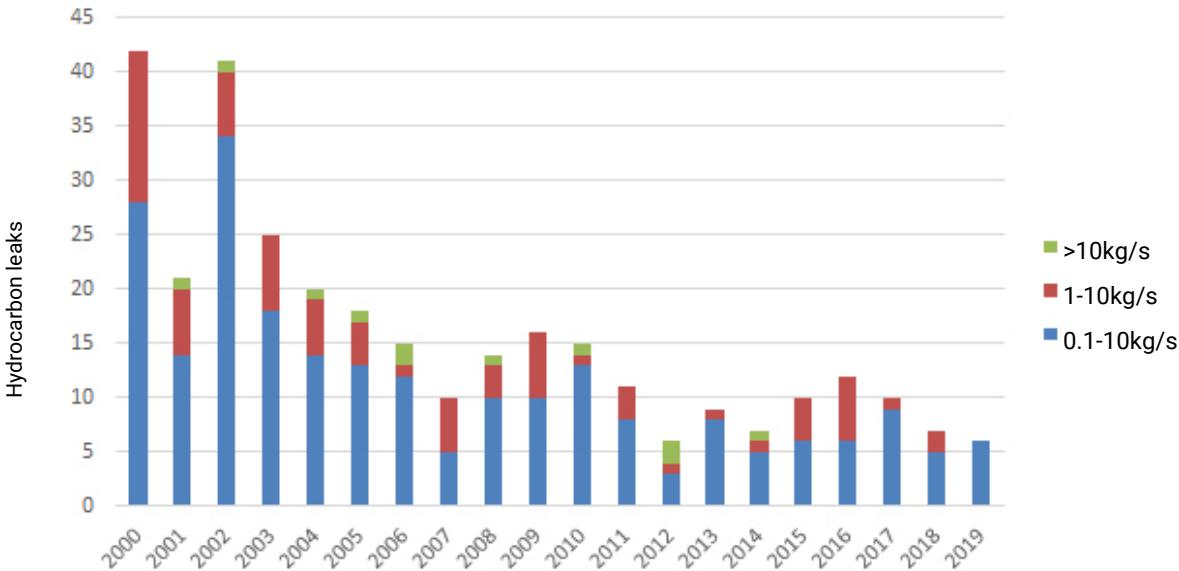
A common view is that the PSA's supervision contributes to better and more systematic prevention at the players. It also adds to knowledge about the causes of well-control incidents and specific efforts to reduce them in such a way that it can be assumed to have an indirect preventive effect on the risk of such events. The PSA has monitored both plugging and control of wells by the industry over a long time

and thereby promoted the establishment of the plugging and abandonment forum (PAF) and other important arenas where valuable experience is shared. As the supervisory authority, the PSA also contributes in general with lessons learnt from its supervision practice and clarifications of the regulations. Specific focus is also given to the importance of collaboration in the industry.

Risk related to hydrocarbon leaks

Hydrocarbon leaks are very significant for major accident risk in Norway’s petroleum sector. An emission which ignites can result in a fire and/or explosion, which may lead in turn to loss of life, large hydrocarbon spills to the sea and loss of major material assets. The major accident potential of such leaks helps to make this a high-priority area.

The graph below presents an overview of hydrocarbon leaks greater than 0.1 kilograms per second (kg/s) in 2000-19 by leak-rate category. Six leaks greater than 0.1 kg/s were registered in 2019, all of them in the 0.1-1 kg/s category. The annual number of leaks clearly declined in 2000-19, but an increase occurred in 2015-17 compared with 2012-14. Since 2003, the industry has conducted several targeted projects and studies to identify the underlying causes of leaks and measures with the aim of reducing these. In the PSA’s view, the measures identified and implemented across the industry have contributed to this reduction.



Work in and on hydrocarbon systems is an important contributor to leaks. Studies by the PSA and the industry show that some 60 per cent of hydrocarbon leaks relate to such interventions. On that basis, the industry has worked purposefully to develop measures for strengthening the expertise of personnel working with these systems. That includes the development of several manuals covering equipment and work practices, and best-practice documents for critical operations. These are available on the Norwegian Oil and Gas Association website.

Great attention has been paid by the PSA to hydrocarbon leaks in order to serve as a driving force in reducing the number of such incidents and their inherent potential. Effective management of risk and barriers has been in focus, since such work is the key to reducing the risk. Barrier functions could be measures intended to prevent leaks occurring, detect them, prevent their ignition, limit the consequences of a possible fire or explosion, and ensure the necessary emergency response functions. Particular emphasis is given to good control of potential ignition sources. None of the leaks above 0.1 kg/s reported by the RNNP project during 1996-2018 ignited.

In addition to its risk and barrier supervision in 2019, the PSA pursued activities related to internal efforts made by the companies to reduce hydrocarbon leaks. Meetings were held with selected players to stay informed about how they follow up gas leaks, including the way they keep statistics, what is reported, measures implemented, how they work on pressurised system and their use of new technology.

The PSA has also participated as an observer in projects implemented by Norwegian Oil and Gas to cut the number of hydrocarbon leaks. These have had a systematic and long-term goal of contributing to a continuous reduction in incidents with a major accident potential. Projects are still being pursued where experience transfer and learning about hydrocarbon-leak incidents occupy a key place.

An investigation of a gas leak on the Aasta Hansteen facility in 2019 has yielded important lessons on the course of events and the actual and potential consequences, and identified direct and underlying causes. The investigation report will be published on the PSA website for information and experience-sharing. All hydrocarbon leaks assessed as having a potential to develop into a serious incident are routinely followed up, even if they do not justify an investigation. This type of follow-up gives the PSA valuable information on cause and effect, which contributes to the knowledge to be filed for further monitoring of the industry. During 2019, the PSA also looked at the causes and consequences of vibration in process plants and how this is followed up in operation. The number of hydrocarbon leaks greater than 0.1 kg/s in onshore plants has been at a stable level in recent years. That also applies when leak numbers are normalised with activity measured by hours worked. A PSA concern is that technical degradation might be a possible cause of more leaks at onshore plants than on NCS facilities.

Paying continuous attention to risk over time seems to have a positive effect on the safety level and to create a foundation for mutual understanding and cooperation between the different stakeholders. This can be further shared and discussed in joint arenas such as the Safety Forum. The PSA will continue this approach in its follow-up of hydrocarbon leaks through audits and other activities in 2020.

Security against deliberate attacks

According to the security authorities, Norway faces a growing risk of incidents which threaten its security. The speed of social and technological change makes it difficult to respond with countermeasures. Individual events and episodes could occur suddenly and have great and unpredictable consequences at societal level. Players in the petroleum sector must therefore maintain robust preparedness and security against deliberate attacks, which are also dynamic and aligned with the threat picture.

The PSA conducted audits on this issue in 2019 on offshore facilities and at supply bases, helicopter terminals and onshore plants. These aimed to verify that those responsible had established security management systems which helped to prevent deliberate attacks, and that they had plans at all times to secure an overview of and status for the level of security in Norway's petroleum sector. The audits have covered both physical and personnel security. Where the latter is concerned, the PSA pursued a project to increase its own and the industry's base knowledge – including a systematic approach to dealing with insider risk. Audits show that the industry considers this a challenge, and the PSA has therefore investigated what it entails, what represents best practice, how the petroleum sector deals with it and whether improvement areas for the industry can be identified. Insider risk was also on the agenda at the PSA's one-day security seminar in 2019. Posted to the PSA website, the project report has a checklist to identify how well a company is equipped to deal with a possible insider threat.

The PSA also took part in the Trident Jupiter exercise in 2019 to extend and develop civilian-military collaboration in the overall defence framework, with the emphasis on the liaison function. That includes understanding roles, responsibilities and authority between the armed forces, the civilian authorities and other players. The PSA is also actively involved in work on national and international standardisation for security, civil protection and emergency preparedness with significance for the regulations.

Through audits and security projects, the PSA has acquired knowledge and expertise which are important for implementing and further developing a targeted and risk-based follow-up of work by the players on preparedness against deliberate attacks. It has also helped to motivate those responsible to pursue continuous security improvements in the petroleum sector. Specific findings, observations and recommendations in its security audits are confidential. No comments are therefore made on them.

Taking care of ICT security in industrial systems

Increasing use of digital technologies are making the petroleum industry more exposed to vulnerabilities in ICT systems and to advanced digital threats. Changes to the risk picture mean players must focus on improving their ICT security and ability to deal with undesirable digital incidents. The PSA has strengthened its expertise through new recruitment in this area, as identified both by the Lysne commission's report on digital vulnerability and a secure society (NOU (2015:13) and Report no 38 (2016-2017) to the Storting on ICT security as a collective responsibility.

The PSA followed up ICT issues in 2019 through research activities, audits of individual players and disseminating knowledge. Study and research activities addressed various

aspects of robustness in industrial ICT systems. Technical measures, operational solutions, training and drills for responding to incidents, and evaluation of regulations and audit methodology were assessed. The reports are on the website.

The PSA has checked and clarified that the sector is in possession of governing documentation and procedures for handling ICT security in industrial systems. Audits have clarified whether systems have the protective solutions described in governing documents as well as whether principles and procedures are followed up in practice. A challenge is that procedures are only followed up to a limited extent in everyday work. Furthermore, the PSA has identified a lack of expertise, training and drills. Industrial ICT systems are crucial for operational and safety functions in oil and gas production, and cannot be protected and updated in the same way as office and administrative systems. To some extent, these are not followed up sufficiently.

Results from audits and R&D work have been conveyed in meetings with and presentations to the industry in order to share knowledge. ICT security has also been a topic in the management group for the onshore plants (L8) and the Norwegian Shipowners Association group for offshore contractors (GOE). In addition, the industry has established its own forum for ICT security in industrial systems, which meets twice a year to share experience and lessons learnt. The effect of government follow-up can be increased by encouraging more systematic prevention work on the causes of security breaches, specific measures for enhancing ICT security in industrial systems at companies, and mutual sharing of experience.

Preventing acute pollution, particularly in the far north

The PSA is responsible for contributing to and ensuring that petroleum-sector players give priority to avoiding incidents which cause harm to the environment. Prevention of acute discharges is followed up in supervision, tripartite arenas and cooperation with other government agencies. Experience shows that a focus on safety is still needed to make accident prevention more effective. Preventing major accidents should be assessed to a greater extent in relation to where the activity takes place, in line with regulatory requirements. As the petroleum sector moves north, companies must develop necessary new knowledge to prevent environmental harm, particularly in the far north.

Government follow-up of the RNNP-AD (acute discharge) project continued in 2019, with special emphasis on the safety of subsea installations and preventing well incidents. The RNNP-AD results were conveyed to the industry at a special one-day seminar, and followed up by facilitating discussion and reflection on the results in various internal and external fora. The PSA focused in particular on further development of risk assessments, which it expects will increase accountability and awareness among the players in relevant areas. It also participated in the expert panel for managing Norwegian sea areas, where formulating and following up the management plan for the Barents Sea has been a key activity. Studies were also pursued on the occurrence of snow and ice as well as the effect of icing on structural integrity, drone use, and use of standards in the regulations as part of efforts to prevent incidents which lead to acute discharges.

The PSA's work on preventing acute pollution facilitates knowledge development, cross-disciplinary processes and inter-agency collaboration. This is also important for

improving follow-up of compliance with the requirements by the parties themselves, and for further development of integrated assessments in safety work. A collaboration between the PSA and the NEA began in 2018 to address identified risk conditions in a coordinated manner. This project will be resumed in 2020.

Several audits by the PSA have also addressed various aspects of petroleum operations in the far north. The authority's activities and collaboration have contributed to sharing experience nationally and internationally at both government and industry levels. The PSA utilises this knowledge and experience in its continued monitoring of operator plans and operations in the Barents Sea.

Studies by the PSA have improved the knowledge base on relevant issues related to HSE challenges in the far north, and experience from supervisory activities so far indicates that far northern operations are prudent, with technical adjustments to operational measures such as restrictions on outdoor work, and specially developed clothing to manage the risk of hypothermia and physical cold injuries.

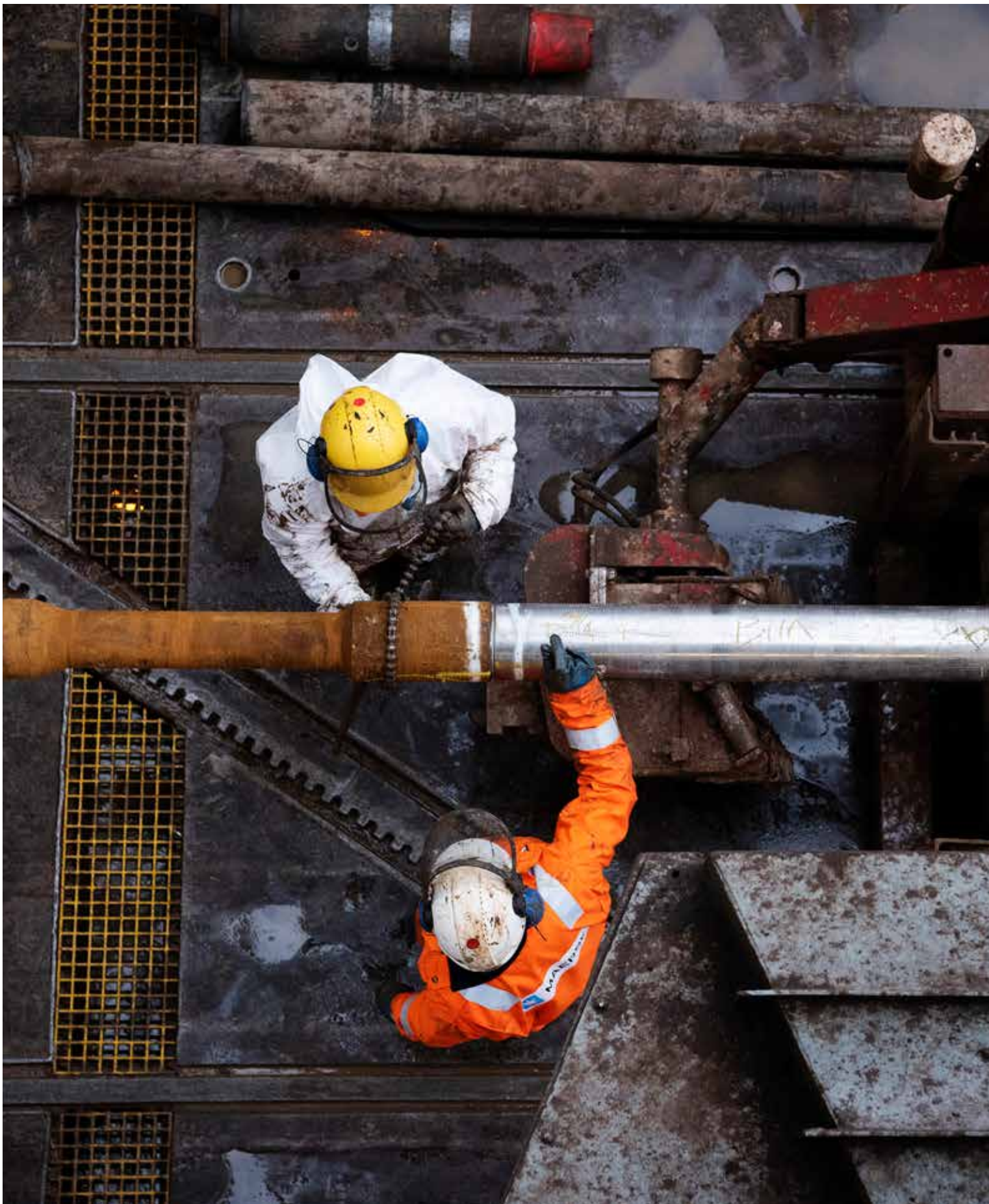
Audits on this subject have had effects in the form of increased knowledge as well as improved and more systematic efforts by individual companies related to preventing and dealing with damage to the environment, particularly in the far north. This work provides useful and necessary knowledge of risks and uncertainties which must be taken into account to ensure continued prudent petroleum operations in the northernmost parts of the NCS.

Performance target 3.2 The players must improve their work on a preventive working environment, health and safety, and on ensuring prudent working conditions

The PSA gives great emphasis to monitoring and seeing to it that the industry as a whole and the individual players promote secure and responsible working conditions. This is done through audits and joint expertise-enhancing events where the parties and the industry are actively involved. Inter-party collaboration and worker participation play a key part in attaining the goals of these efforts. The companies must work systematically to prevent occupational illness, injuries and accidents, while simultaneously combating irresponsible and criminal behaviour in the labour market.

A total of 242 whistleblowing reports of irregularities at work were received by the PSA in 2011-19, and the number has been rising. They doubled from 2011-16 to 2017-19. During the latter period, the trend was towards more reports of a lack of correspondence between jobs and resources, challenges with training and expertise, and weakened worker participation. A common feature was that they may relate to restructuring and efficiency improvement processes. As a result of the project to coordinate government reception and handling of such reports in the sector, the PSA introduced a digital whistleblowing channel in October which will ensure whistleblower anonymity in accordance with the general data protection regulation (GDPR).

Work accidents causing serious personal injury or death are an important indicator of the risk level in the industry. The trend in 2006-13 was steadily downwards, but developments have been more varied since 2014. Three fatal accidents occurred in



the petroleum sector during the last 10-year period, in 2009, 2015 and 2017. Reportable personal injuries on the NCS totalled 196 in 2018 and 230 in 2019. Of these, 25 and 32 were classed as serious in 2018 and 2019 respectively.

Using the base data, the trends and its own risk assessments, the PSA defines priority areas for special attention to ensure that its efforts contribute to meeting the target of secure and responsible working conditions in the petroleum sector. The PSA's main priorities under target 3.2 in 2019 were:

- systematic preventive efforts directed at working environment risk
- promoting and facilitating genuine worker participation
- identifying and dealing with HSE risk related to restructuring and change
- supervision of pay and working conditions for foreign workers where rules on the general application of collective pay agreements are in force.

On the basis of risk assessments, the PSA selects subjects and priorities in each of these areas to attain desired results which can contribute to meeting the target. Activities, methods, results, findings, reactions and evaluations of effects are presented below in the areas and subjects viewed by the PSA as important for achieving its goals in 2019. Its efforts in the inclusive workplace (IA) and whistleblowing areas will also be described.

Systematic preventive efforts directed at working environment risk

The companies must work systematically to prevent occupational illness, injuries and accidents while combating irresponsible and criminal behaviour in the labour market. Systematic HSE efforts are also important for reducing the risk of operational errors and preventing major accidents. The overall picture is that the companies do well at managing working environment risk, and make systematic efforts to prevent illness and injuries. But supervisory activities indicate that the picture is somewhat ambiguous. Big differences exist between companies and segments in the industry, and between and within facilities and plants. Based on its risk assessments, the PSA selected special topics for 2019 in this area, covering working environment factors with serious health outcomes, operational parameters, management of psychosocial and organisational risk, musculoskeletal injuries and benzene exposure.

Supervisory activities, dialogue, and whistleblowing reports in 2019 helped to strengthen a view that the operating parameters are very significant for opportunities available to contractors for pursuing systematic preventive work. The PSA followed up [operating parameters](#) during the year, with the goal of exploring how they are perceived and handled by the various players at the system level, and how they collaborate in developing parameters which can raise the HSE level. This has revealed that clear improvement areas exist in the relationship between operator and drilling contractor, and that constant new contractual models create uncertainty about roles and responsibilities.

Audits in 2019 identified significant factors affecting the [psychosocial and organisational](#) working environment, with the companies affected by higher workloads and lower manning, and with working-time arrangements under pressure. Uncertainty was registered offshore over changes on land which affect operations on the NCS, as

well as greater pressure on and a negative trend in the climate for speaking out and the whistleblowing culture. The PSA also sees an increased requirement for expertise on new technology and forms of organisation. Its activities show that the industry still needs to learn more about the relationship between exposure and health risk, and about suitable and knowledge-based methodologies for assessing risk and prioritising measures.

Managing the risk of **musculoskeletal** disorders has been followed up systematically over a number of years. The PSA has emphasised that the companies must take a systematic approach here and make greater use of research- and knowledge-based methodologies in assessing risk and selecting risk-reduction measures. Follow-up of these issues through audits continued in 2019, with psychosocial and organisational factors given increased prominence. The issue was also on the agenda at a PSA seminar for the industry during the year. By following up the way companies manage the risk of these disorders, the authority has seen positive initiatives and improvement efforts in the industry. Specialists have strengthened their expertise, which is reflected in mapping and risk assessments by linking these frequently to exposure and health risk, and in greater use being made of research-based methodology. The PSA also notes that the companies are paying greater attention to information and personnel training on work-related health risks. However, it sees persistent challenges which require the PSA to maintain the attention it pays to systematic management of risk in this area.

Benzene was an issue in a number of supervisory activities in 2019, primarily those concerning the working environment. This subject is well entrenched in the industry and is now in a phase where the PSA monitors the way the companies follow up and implement risk-reducing measures. Emphasis was given in 2019 to addressing players and facilities where a failure to prioritise benzene had been identified. The main impression is that the companies have substantially enhanced their knowledge of benzene exposure and improved the quality of risk management. They have also implemented more technical and operational measures to reduce exposure on facilities and at plants. The picture is nevertheless nuanced – not all exposure sources are equally well understood and dealt with.

The 2019-20 survey by Menon Economics/DNV GL on the effect of the PSA's follow-up shows that it has been very important for the industry's improved performance in this area. A systematic and long-term approach has not only achieved a direct reduction in benzene use but also contributed to improve the quality of managing chemical health risk in general. A systematic approach to preventing working environment risk has helped to increase the attention paid to this and the effects achieved in the form of knowledge about, and better, more systematic work in, the selected areas.

Promoting and facilitating genuine worker participation

Well-functioning systems for and implementation of worker participation are a cornerstone of a good working life and Norway's HSE regime. The PSA gives weight to the players involving workers in their preventive HSE work, including during change processes. Pursuant to the Working Environment Act, the employer must make provision for such involvement and employees have the right and duty to contribute to a fully acceptable working environment.



Many companies have good systems for worker participation, but the PSA also sees great variation in such provision. This includes lack of own follow-up of participation by the companies, and limited discussion of the conditions for good inter-party collaboration in working environment committees (AMUs) or between the parties. The PSA notes that insufficient time is assigned for safety delegate work and little provision is made for measures to enhance expertise, while in many cases the safety delegate service is involved too late in cases which are significant for HSE. Some audits also reveal weakened trust between employees and employer.

Worker participation was followed up in 2019 through a number of supervisory activities, status meetings with company managements, the Safety Forum, and meetings with unions and the forum for coordinating chief safety delegates. The PSA's activities in 2019 focused attention on genuine worker participation and the preconditions for ensuring this. That included looking at how companies make provision for safety delegate and AMU work, what training delegates and AMU members receive for solving relevant issues, how much time is allocated for such work, and the timing of worker involvement in decisions which are important for safety, health and the working environment.

Audits covering this issue have helped to increase knowledge about and measures for better and more genuine worker participation in a number of companies. The PSA's assessment is that audits and the attention devoted to inter-party collaboration have helped to reach the goal, but it will continue to prioritise and implement supervisory activities where worker participation is a key subject.

Identifying and dealing with HSE risk related to restructuring and change

The industry has pursued extensive efficiency improvement and restructuring processes for a number of years. These reshape operating parameters and create uncertainty over unintended consequences for HSE. Understanding the significance which complex change processes may have for HSE can be challenging. Potential challenges depend on how the work is organised and implemented, and how the exposure picture for employees alters. Good risk and change management and well-functioning inter-party collaboration in the company are therefore important.



Restructuring and change have been a priority area for follow-up by PSA audits, including how companies manage, risk-assess and implement downsizing and change processes. Activities in 2019 included audits of managing change processes at companies which have merged or been taken over. The PSA notes that the companies largely work to establish robust processes for implementing cost reductions and restructuring. At the same time, it finds some disparity between company managements and employees in their assessment of HSE risk in change processes.

During 2019, the PSA also mapped employee experience of the HSE consequences of restructuring and change, and made provision for learning more about the psychosocial working environment. Emphasis was given to the importance of companies exploiting opportunities to improve safety in change processes – through technology development, simplification, improved planning and more intelligent ways of working.

The PSA investigated an incident in 2019 at Equinor's Hammerfest LNG plant, which had been run over time with impairments in safety-critical equipment. Breaches of the regulations on barrier management and technical safety, risk management and management follow-up were identified. The most important underlying reason why the plant operated for a lengthy period with these weaknesses was that the risk had been underestimated. Nor had the management made itself sufficiently acquainted with them and ensured that they were corrected. Inadequate capacity in the organisation was also identified as an improvement point. This represented investigation of a case which had not been an incident in the traditional sense, such as a leak, fire or personal injury, but involved a weakening in barriers at the plant over time. Equinor also conducted a thorough review of the incident in relation to its internal requirements and work processes. That contributed to learning important lessons and recommendations for preventing similar events.

Companies audited by the PSA report that this intervention has had effects in the form of strengthened risk management early in the process, increased involvement, and worker participation. That is also confirmed by safety delegates and union officers. It is important to emphasise that the PSA will continue to devote great attention to the way the companies follow up potential negative long-term effects and prioritise safety in new projects and activities.

Supervision of pay and working conditions for foreign workers where rules on the general application of collective pay agreements are in force

Most foreign workers are found in the insulation, scaffolding and surface treatment (ISS) trades. A large proportion are contract personnel. At onshore plants, this group is not currently covered by a provision on the general application of collective pay agreements, and the PSA therefore has no authority to monitor pay and conditions for it. However, both contract and foreign workers were followed up in audits during 2019. The PSA has observed a lack of predictability and unclear roles/responsibilities between operator, hirer and manning agency. These shortcomings contribute to an insufficiently integrated HSE follow-up of this group.

Inclusive workplace

Agreement on a renewed IA scheme, under the sub-title of "a labour market with room for everyone", was signed on 18 December 2018 and runs from 1 January 2019 to 31 December 2022. The PSA worked in 2019 with the Labour Inspection Authority, Stami and the NAV to build up and continue developing this new IA commitment. It has acquired a clearer supervisory role in this work, and participates in various fora within a dedicated tripartite programme created for the petroleum sector.

Efforts related to protecting whistleblowers

The PSA maintained its efforts on whistleblowing in 2019. It participated in the Labour Inspection Authority's project for coordinating government handling of external whistleblowers in the sector. This resulted in the PSA adopting a digital whistleblowing channel during the autumn which will safeguard user identity pursuant to the GDPR. Seven of the eight reports received through this channel are from anonymous whistleblowers. Other results of the coordination project are that PSA staff dealing with such reports took an e-learning module created by the Labour Inspection Authority, and internal guidelines were updated in line with the common terms which have been developed.

Audits of whistleblowing routines were also conducted in 2019, with information requested on company routines for dealing with such reports, how employees had participated in formulating these, and the way they had been made known in the business. Such audits suggest to the PSA that the players have become more conscious of their own role in following up whistleblowers.

Performance target 3.3 Other priorities: knowledge and regulatory development, and inter-party collaboration

Knowledge development

The PSA's remit includes developing and communicating relevant knowledge about risk conditions, and contributing to a shared understanding in the industry and government of development features and risk conditions. This follow-up must be knowledge- and risk-based, and demands knowledge of policy formulation and administration for its area of responsibility, including attainment of goals and the effects of its own instruments and measures. This knowledge is crucial if government authorities in general are to follow up their responsibilities and duties in the area.

A number of knowledge-development projects were pursued by the PSA in 2019, and a series of studies were conducted with consultant support. This work covers a wide range of activities, such as studying a new subject area, investigating specific risk topics in depth, preparing audits and campaigns, monitoring and mapping risk, and user surveys. Just over 70 000 hours were devoted to knowledge development, and just under 40 jobs were done with consultant support. The PSA's main efforts in 2019 were directed at ICT security, the far north and the RNNP, and a big independent review of field development projects was conducted by Acona.

The PSA held 17 specialist one-day seminars for the industry in 2019. Reports and other key outcomes from knowledge development are shared widely via the website, inter-party arenas, seminars and conferences. All technical reports are published on the website, and many seminars are streamed online. Knowledge development and sharing are a key instrument for the PSA, which finds that products delivered in this area have high quality, are in demand and are viewed as useful in preventive and improvement work at the companies. The PSA has also prioritised participation in relevant conferences and technical seminars to keep up its disciplines to date.

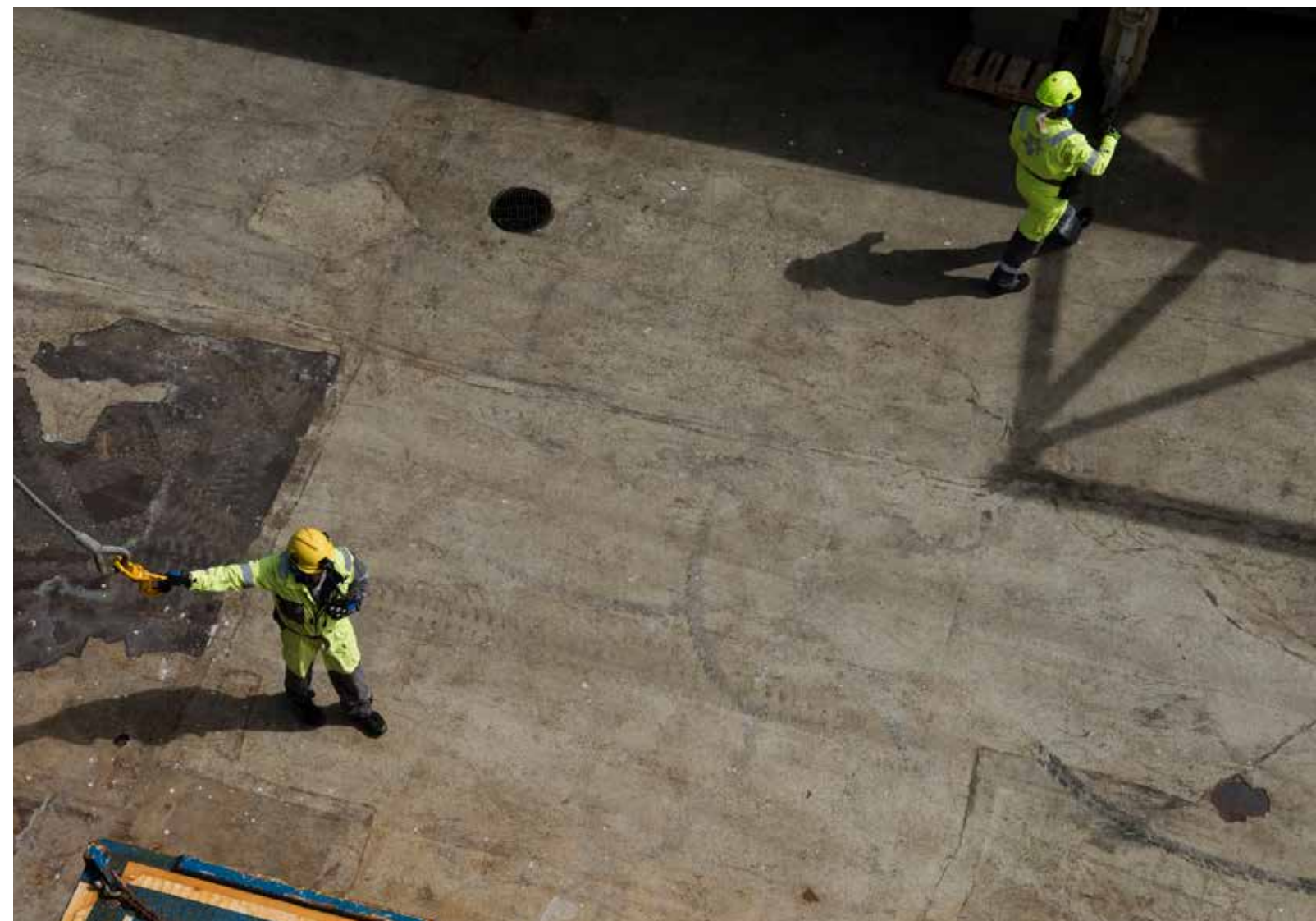
Knowledge development includes being updated on priority risk issues and various research fields. The PSA sometimes pursues R&D projects on its own or in collaboration with other government agencies. It also establishes overviews of and contributes to R&D projects run by the Research Council of Norway and in the industry. Follow-up

of R&D is risk-based, and priority is given to the activities with the greatest relevance for risk and for the PSA's priorities. Experience is exchanged and relevant R&D findings are shared internally, with the industry, with other government agencies and with the parties, both nationally and internationally.

Information dissemination

Psa.no is the PSA's most important external communication channel, averaging some 40 000 users a month in recent years. The site is primarily used for experience transfer and for disseminating information and knowledge to industry players. Its main content is the petroleum regulations with relevant links and connections and the "supervision" channel, where all PSA reports from audits, verifications and investigations, AoCs, orders and identical letters are published.

The site also contains a number of technical reports and articles on specialist topics. In addition, it serves as a key channel for information about the PSA's annual main issue, and for communicating other priorities and strategically important signals to the industry and other important target groups.



After a wide-ranging project, Psa.no was relaunched in the spring of 2019, with clearer links between regulations and supervision, opportunities for relating various audit reports to each other via a newly developed database, improved general search functions and other changes. The PSA also makes active and purposeful use of social media – Facebook, LinkedIn, Twitter and Instagram.

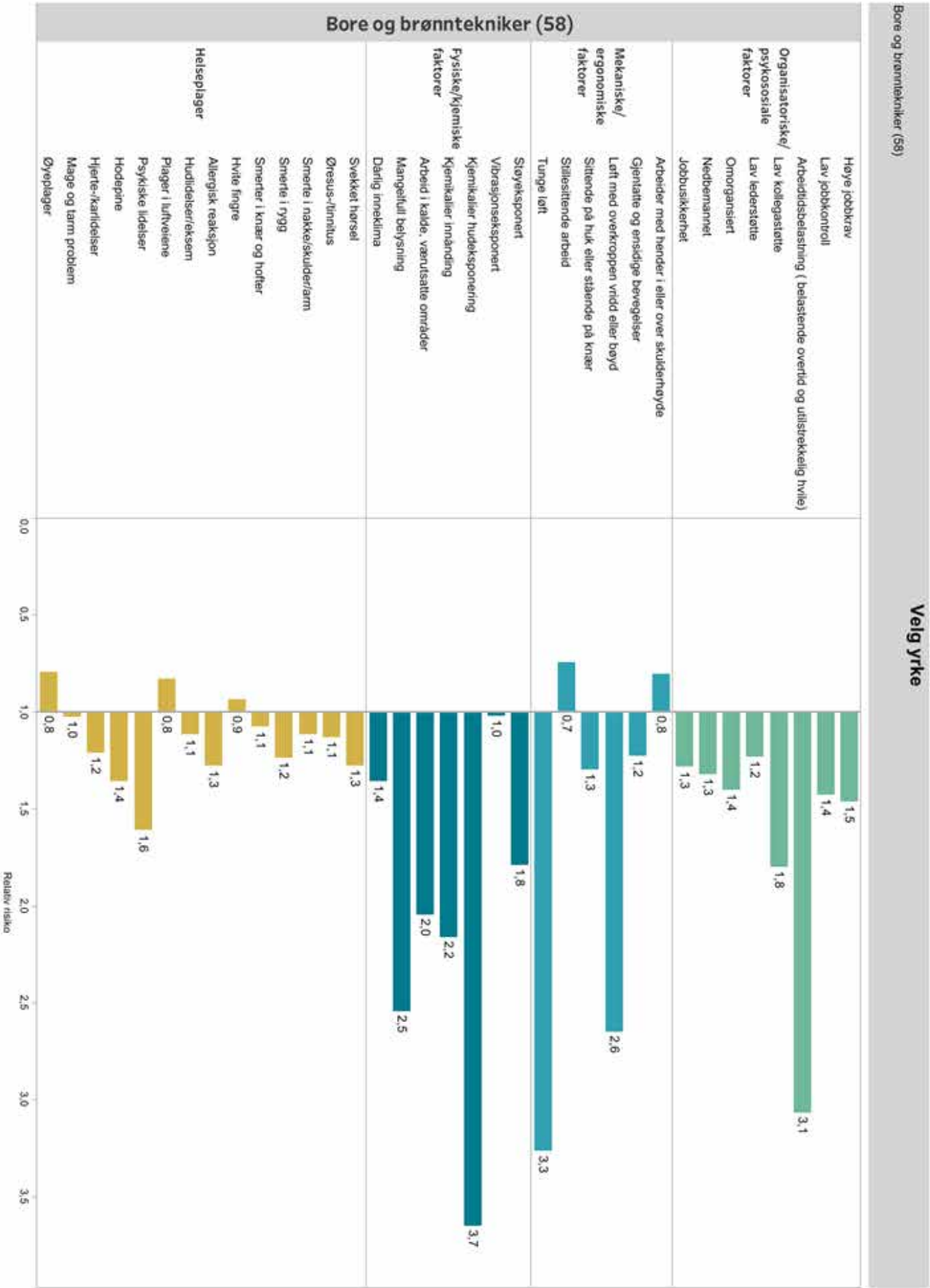
The PSA’s *Dialogue* magazine is published twice a year, with articles on relevant issues and subjects which concern the industry’s parties. It has some 10 000 regular subscribers and is also distributed at a number of the PSA’s specialist seminars and conferences. The annual RNNP reports are also published and customised for users at Psa.no.

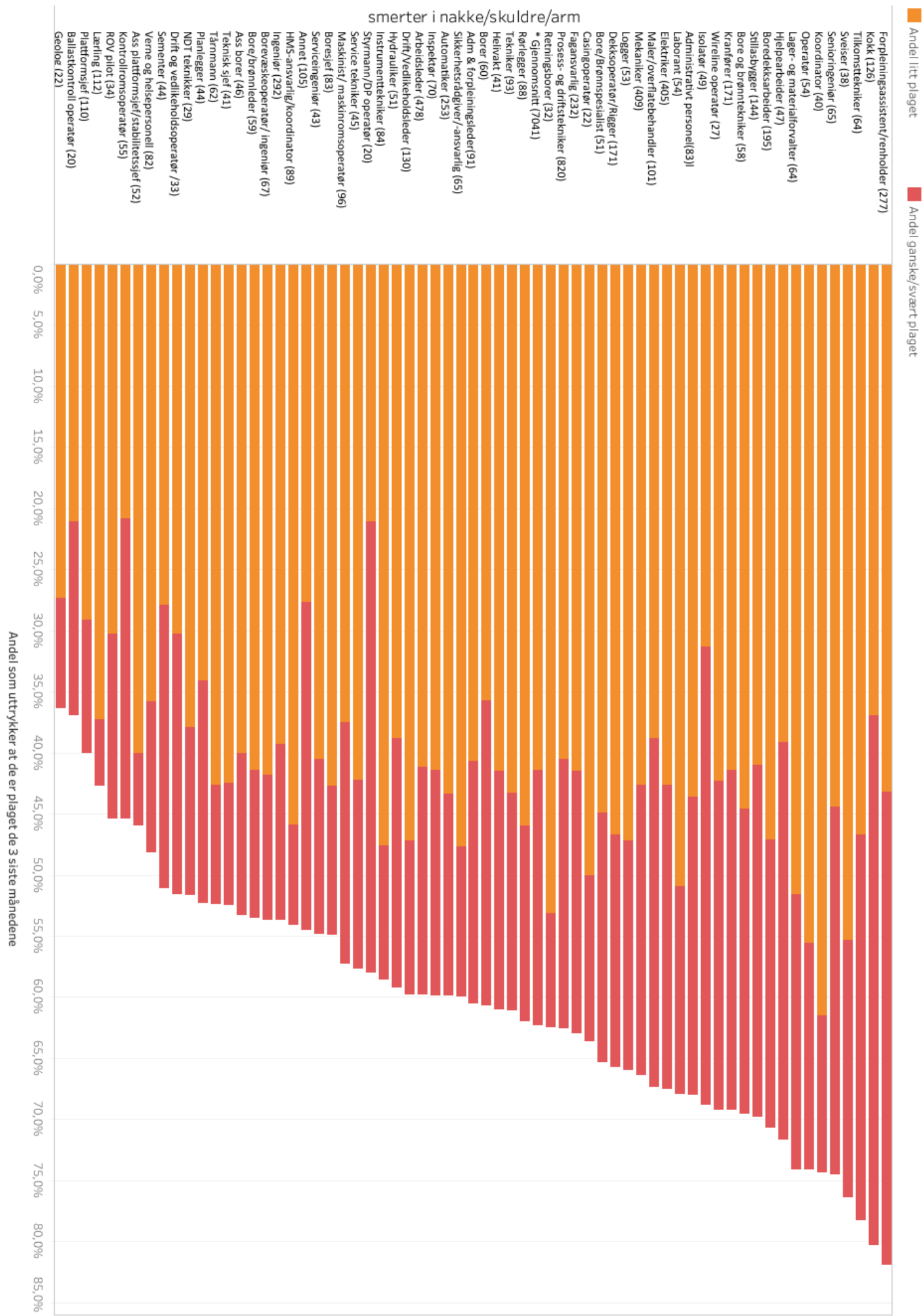
Conferences and specialist seminars play an important role in the PSA’s job of contributing to experience transfer, information sharing and knowledge dissemination. In addition to large annual meetings, such as Safety, Status and Signals, the Top Executive Conference, the RNNP event, and the Safety Forum conference, and the biennial ONS Safety Lunch, the PSA stages a number of specialist seminars every year – often 10-15. Feedback on these from the industry is very positive.

RNNP

The RNNP is one of the most important sources used by the PSA to help give the players access to updated and aligned knowledge. Maintaining and strengthening this project was among the recommendations in Report no 12 (2017-2018) to the Storting. Development work in 2019 was pursued in collaboration with the parties. Improvements were made to the questionnaire survey, work is under way on web-based data reporting, and a separate website (rnnp.no) was created to upgrade the online presentation of results. Two working inter-party seminars were conducted during 2019, one with the RNNP’s tripartite advisory forum and the other with the HSE technical group. The Safety Forum has been informed about the work’s status and given opportunities to provide input. With its results giving a picture of risk in selected areas, the RNNP is an important tool in the tripartite arena and provides a basis to identify measures for overcoming challenges at industry level.

Via the RNNP, the companies report a set of defined situations of hazards and accidents (DSHA) to the PSA. These indicators vary in character. Some provide “leading” information, including the status of key barrier systems and maintenance work, while others cover such “lagging” data as incidents, accidents and injuries.





This gives the PSA an overview of certain selected risk areas which can be used at industry level. The authority therefore lacks the full risk picture, and it is important to emphasise that the companies have the best grasp of their own risk. However, the RNNP data provide the PSA with a good and detailed overview of risk for each facility and plant in relation to the indicators covered by the reporting. Active use is made of this information by the supervision groups and disciplines to monitor levels and trends and as a basis for prioritising risk topics, players, facilities and plants for further follow-up. However, data at company and facility/plant level are not made public in the annual RNNP report. This document reports only at an aggregated industry level.

In upgrading the questionnaire, much work has been devoted to creating risk profiles for various occupational positions and their development over time. The PSA has created a template here which corresponds to the structure established by Stami's department of occupational health surveillance (NOA) for its web-based tools and working environment profiles. Two examples taken from the questionnaire section of Rnnp.no are presented on the two previous pages. The graph on page 51 is a selected risk profile, while the one on page 52 shows how various positions are exposed to a specific health disorder. It presents the risk profile for drilling and well technicians across the PSA's selected working environment and health indicators compared with other petroleum industry employees. That provides an overview or working environment profile for each occupational group.

Available on the web, this tool allows companies and employees in various segments to form a picture of risk in different areas. A similar graph has also been developed for the major accident indicators. Examples of the latter can be found under target 3.1 – major accident risk. The visualisation tool gives a pointer to the areas with the greatest improvement potential, and where efforts to improve prevention should be concentrated. It has been well received by the parties, and the PSA will continue developing it to cover larger parts of the RNNP.

User surveys and assessment of effects

User surveys provide an important way of assessing the effects of the PSA's efforts. A poll conducted by the Ideas2Evidence consultancy was sent in 2019 to 112 companies which had been audited in January-November of that year. For the first time, too, an overall user survey was sent in November to all licensees, operator companies, onshore plants and companies responsible for operating mobile facilities. That included players not audited in 2019. The survey provided important data on the effect of PSA activities and general feedback not directly related to specific audits. Another new feature was that safety delegates were also included in the poll.

The ongoing and overall user survey indicates that the PSA plays an important role in reducing the risk of major accidents and strengthening proactive work on the working environment by the players. Feedback shows, for example, that the authority is perceived as clear in exercising its role and in its use of instruments and reactions, and that the players trust it as a government agency. The PSA regards user surveys as an important tool for obtaining relevant and constructive feedback from the industry on how its audits are perceived and the effect they have. This information is important for its ongoing improvement work.

Menon Economics/DNV GL conducted an evaluation for the PSA in 2019 where they interviewed specialists, managers and safety delegates about their work on well control and chemical health risk. This showed that improvement efforts by the players are influenced by a number of external sources. Most respondents regard the regulations and standards as the most important of these, along with their company's own safety work and expertise. The PSA's supervision is identified as important, with active use made by the players in their improvement work both of the conclusions presented in audits at the individual companies and of reports from audits conducted at other companies. Specialist seminars and the PSA's dialogue and meetings with the industry are also significant. In addition, many respondents point to the authority's main issue as an important source for the companies in setting priorities. This evaluation provides a good picture of how the PSA's work contributes to specific improvement efforts in the well control and chemical health risk areas, shows that its activities and initiatives are perceived as relevant, and indicates that its effect on company improvement efforts takes many different forms in many different arenas.

Licensing system and enhanced supervision of vessels

Two measures in the supplement to the 2018 letter of allocation and Report no 12 (2017-2018) to the Storting were following up criteria for awarding production licences and enhanced vessel supervision.

Licensing system: The MPE draws on technical assessments by the ministry and the PSA when awarding licences. Licence interests can be transferred between companies, which may change the composition of the licensee group and requires the MPE's consent. The same applies for changes of operator. Such consent applications are normally passed to the ministry and the PSA for assessment.

Enhanced supervision of vessels: A 2018 study by consultancy Lloyds identified risk associated with petroleum activities conducted from vessels. Information and knowledge from the study also formed the basis for choosing supervisory activities in 2019. The PSA audited eight vessels pursuing petroleum activities during the year. Audit findings indicate that the companies are handling these operations well. Improvement points were nevertheless identified with regard to the ongoing interaction between facilities and vessels when activities were administered from the latter. Authority under the Petroleum Act relating to such operations was also clarified. By strengthening its supervision of vessels, the PSA has increased awareness of the subject and helped to clarify the regulations. It has also contributed to greater knowledge about and awareness of this type of activity. One of the PSA's investigations in 2019 concerned a vessel – the collision between *Sjoborg* supply ship and Statfjord A. The investigation report has been published on Psa.no.

Enhanced monitoring of field developments on the NCS

Most NCS developments lie within the uncertainty range for time and costs specified in their PDO. However, some projects have faced major challenges with substantial overruns of both spending and execution time. These were referenced in the White Paper and the Auditor-General's report. The PSA accordingly devoted particular attention in 2019 to improving and further developing its monitoring of field developments.

That included an independent study of HSE challenges in field developments by consultant Acona AS, which identified a number of lessons for government, companies and suppliers. It also pointed to the need for closer collaboration and dialogue between the safety and resource authorities and their ministries, and for closer monitoring in various areas by each for these bodies. In addition, the study highlighted the significance of involving employees early in planning and executing developments.

The PSA strengthened its capacity and expertise in 2019 through recruitment and internal training, and further developed procedures and guidelines on risk-based monitoring of field developments and projects. This has had an effect through providing further knowledge of and lessons learnt on the subject, which have been shared with the industry in specialist seminars, presentations and meetings. In addition, the report has been posted to the web for learning and for sharing experience. The PSA has also strengthened its collaboration with other relevant government agencies and the ministry in this area.

Socioeconomic impact assessments

The sector guidance on socioeconomic analyses, adopted in the summer of 2018, builds on the instructions for conducting studies and is intended to help ensure a better basis for taking government decisions. It was incorporated in the PSA's development work during 2019 to ensure good application of socio-economic analyses where relevant.

Enhanced commitment to ICT security

The PSA focused attention on ICT security in the petroleum industry in 2019 as part of major commitments in 2018-21. Important issues addressed were training and drills, regulations and supervisory methods, resilience against cyberattacks, cyber security, telecommunications and protocols. In that context, the PSA worked in 2019 to clarify challenges and to produce risk pictures for ICT security in the industry. Supervision campaigns focused on further development of methods were conducted. The PSA also worked to clarify current regulations in this area, and strengthened and further developed its work on emergency preparedness and incident response – including the operator's duty to notify, an inclusive reporting channel and a computer emergency response team (Cert) solution. In addition, knowledge development was pursued in this area in collaboration with other government agencies, academia, specialists and research teams nationally and internationally.

Regulatory development

Norway's integrated and risk-based HSE regulations for the petroleum industry are important for reaching HSE goals. The PSA works in several arenas to evaluate and develop these regulations in close dialogue with the parties, the ministry and other government agencies. Issues covered by regulatory work in 2019 included annual updating of the HSE regulations, regulating security in line with new legislation, developing safety and working environment regulations for CO₂ transport and storage, and developing regulations for offshore wind power. Taken together, these activities contributed to reaching the HSE goals. Regulatory development requires a continual commitment, and the PSA will therefore continue to prioritise the use of resources in this area in 2020.

Standardisation work

The PSA participates in a number of national, regional and international standardisation projects which are significant for its parameter-setting and expertise-based activities. In 2019, that included increasing its involvement in and support for national and international standardisation projects relating to security, civil protection, enterprise, risk and maintenance management and the working environment.

Market surveillance

In 2019, the PSA followed up the harmonised European Economic Area (EEA) product regulations in close collaboration with other national and international authorities in Europe, both bilaterally and in network groups. Attention during the year was concentrated on improving routines by implementing internal systems in order to safeguard market surveillance processes.

Collaboration between the parties and with other government agencies

Participation and inter-party collaboration are significant preconditions and important arenas for the HSE regime in the petroleum industry. An overview of some of the most important of these follows below.

The Safety Forum is the central collaboration arena for employers, unions and government on HSE in Norway's offshore and onshore petroleum sector. It was established in 2001 to initiate, discuss and follow up relevant safety, emergency preparedness and

working environment issues for the industry from a tripartite perspective. Key issues in its strategic agenda are major accident and working environment risk as well as inter-party collaboration. Five meetings were held in 2019, where issues concerning safety and the working environment were addressed.

Enforcement of and compliance with the regulations, as well as changes to these with associated cost/benefit assessments, are discussed in the Regulatory Forum. This provides the PSA in part with important information on operational parameters for industry players. Issues considered in 2019 were regulatory responsibility for central control rooms on land, regulation of CO₂ handling, regulations on ICT security, and measures following from the report of the tripartite working group.

Produced in 2017, the latter document noted the importance of enhancing and further developing bi- and tripartite collaboration. Eight tripartite work groups were established in 2018 to follow this up – five in the Safety Forum and three in the Regulatory Forum. The level of activity in these groups was high in 2019. Working seminars were staged, reports, presentational materials and guidelines produced, and conferences staged. Members worked collectively on important technical issues and regulatory development as well as strengthened training on the regulatory regime in the petroleum sector. A well-functioning bi- and tripartite collaboration represents a cornerstone in Norway's regulatory regime, and makes an important contribution to ensuring a high level of HSE in the petroleum sector.

The PSA is also represented in central international organisations for the petroleum industry. These include the following.

EU Offshore Authorities Group (EUOAG)

The PSA has observer status in the EUOAG, where revision of the offshore safety directive attracted the greatest attention in 2019. Contributions by the authority included communicating details of the Norwegian regulatory and supervisory model.

North Sea Offshore Authorities Forum (NSOAF):

The PSA is a permanent member of the NSOAF. The forum's work group on drilling and well is continuing its two-year programme. Maintaining safe mobile drilling operations is the subject for the HSE work group in 2019-20, while the legal group contributes to exchanging experience and information on regulatory developments between the countries in the North Sea basin.

International Regulators Forum (IRF)

The PSA is a member of the IRF, which meets annually and discusses various technical issues, such as the role of the regulatory authorities, the use of instruments in their supervision, expertise development and the relationship between regulators and the industry.

Arctic Offshore Regulators Forum (AORF)

The 2019 AORF meeting was organised by the PSA in Oslo, where representatives from the Ministry of Foreign Affairs also participated. This forum discusses and evaluates safety-related challenges and opportunities in order to contribute to a high level of safety for petroleum operations in the Arctic.



PART

IV.

PART IV. Governance and control in the PSA

Governance by goals and results

The PSA has established processes for goal- and result-based governance, which are documented in its quality system. These aim to ensure that requirements on goals and results specified in the letter of allocation are met, that resources are used efficiently, that reporting is reliable and that the PSA is managed in accordance with legislation and statutory regulations. Opportunities exist to uncover possible governance failures, errors and deficiencies, which can consequently be corrected. No significant governance failures, errors and deficiencies were identified in 2019.

Continuous efforts are made to improve the system for governance, planning, reporting and control. Feedback from the Auditor-General referring to these arrangements is being followed up. Part of the development work pursued in 2019 involved customising and operationalising the quality system for all levels of the organisation, so that the governance system is well-integrated with relevant processes. A process to establish an internal audit function was also initiated during 2019.

Well-functioning systems, tools and processes for managing resources and activities are in place. The PSA's planning tool, annual planning process and reporting systems again provided management with important information on resource use in 2019, and allowed provision to be made for the most effective possible use and management of resources over the year. Activities and results are evaluated and followed up by management quarterly and with the ministry through the governance dialogue.

The PSA has long experience of mapping the risk picture in the petroleum sector, and has tools and systems for monitoring risk as well as an open and trust-based dialogue with the industry. Its overall risk assessments, combined with its technical expertise, provided a good basis for prioritising activities in 2019.

Risk management and internal control

Risk assessment forms an important part of the PSA's internal governance. Top management documents and monitors work on risk related to goal- and result-based governance. Work on risk assessments, analyses and strategy was further developed in 2019 through workshops as well as better and more systematic methods for evaluating and determining strategy. The PSA identified incidents and topics which might affect it, assessed risk and drew up associated action plans.

The PSA conducted a special follow-up of its strategy work in 2019, including the creation of a work process for developing strategic planning documents. Strategies for digitalisation in 2018-22 and supervision in 2020 are established. A scenario analysis has been carried out with a consultant to supplement traditional strategy-development methods, and forms part of the PSA's work to help ensure that Norway's petroleum sector remains the world leader for HSE. Furthermore, the main issue for 2020 has been defined and work has continued to operationalise guidance from Report no 12 (2017-2018) to the Storting.

Management and control related to ICT security

Management and control of ICT security issues are handled through the internal security part of the PSA's management system, which is aligned with current national legislation and statutory regulations. These include the IT strategy, the ICT guidelines, the crisis response plan and the ICT emergency preparedness plan.

Enhancement and control of ICT security are pursued in accordance with the annual plan, measures indicated by risk analyses, and management's review of internal security. Actions plans are updated in line with the basic principles for ICT security from the Norwegian National Security Authority (NSM). Drills, both internal and external, are conducted as planned. The PSA's ICT provider is ISO-certified, operates in accordance with the Itil framework, and is followed up regularly with regard to organisational and technical ICT security solutions.

Development of and changes to governance and control

The PSA also continued to develop its method for measuring effects and reporting in 2019, in part by shifting attention in reporting from details of input factors and activities to illustrating the effect of its efforts. In collaboration with consultancy PWC, a project is being pursued to build further on the work already done at the PSA with developing the management system and administration.

An important aspect of developments and changes in the management and control system was the establishment of the PSA's digitalisation strategy for 2018-22. During 2019, this involved creating a dedicated project for mapping and modelling the authority's most central work processes with the goal of improving, simplifying and enhancing the efficiency of the way it operates. The first stage covered mapping the audit process. This work will continue until 2022.

On the basis of the Ministry of Finance's circular on internal auditing in public-sector enterprises, the PSA began an assessment of this subject in 2019. Completed in the spring, that process led to a decision to introduce an internal audit function in the PSA with effect from 2021.

A management review process established in 2019 will permit an overall assessment of goal attainment, quality, administration and management in the organisation, and identify relevant improvement measures related to this. The management review was conducted in the first quarter of 2020 and will be an annual measures.

The PSA worked in 2019 on implementing Elements, a new administrative and archive system, throughout the organisation. Replacing Ephorte, this will ensure a better basis for efficient administrative procedures.

REPORTING OF COMMON GUIDELINES 2019

Inclusivity action plan

A number of measures were adopted by the PSA in 2019 to back systematic efforts for realising the government's inclusivity action plan. Eleven people were recruited during the year, including eight who require a health certificate to conduct audits offshore. None of the new recruits have gaps in their CV and/or disabilities.

Special attention has been devoted to training of and guidance for managers, and preparing and updating guidelines, work processes and routines. The following measures were initiated in 2019.

- The PSA's IA action plan has been revised, including an inclusive recruitment strategy for applicants with an immigrant background, disabilities or gaps in their CV. The ambition is to appoint more people with disabilities.
- Changes have been made to the recruitment guidelines, with clarifications and assessments on how to evaluate candidates with gaps in their CV and/or disabilities.
- Thematic meetings are planned for 2020 with personnel managers on the inclusivity action plan in order to increase awareness about inclusion and diversity.
- A dialogue was established with the NAV's employment advice service on opportunities offered in the PSA through the inclusivity action plan. Among other measures, the work experience scheme via the NAV will continue, with at least one place being offered and customised annually.

In its further work, the PSA will devote particular attention to developing routines and modes of work related to human resources in order to attain the goals of the action plan on greater inclusion and diversity. While it has not reached the five-per-cent target for the present period, the above-mentioned measures form part of long-term awareness efforts which are intended to bear fruit over time.

Combating work-related crime

As purchasers of goods and services, government agencies have a special responsibility for combating work-related crime. The PSA will ensure that its suppliers comply with legislation and statutory regulations when awarding and following up contracts.

Safeguarding pay and working conditions in public procurement

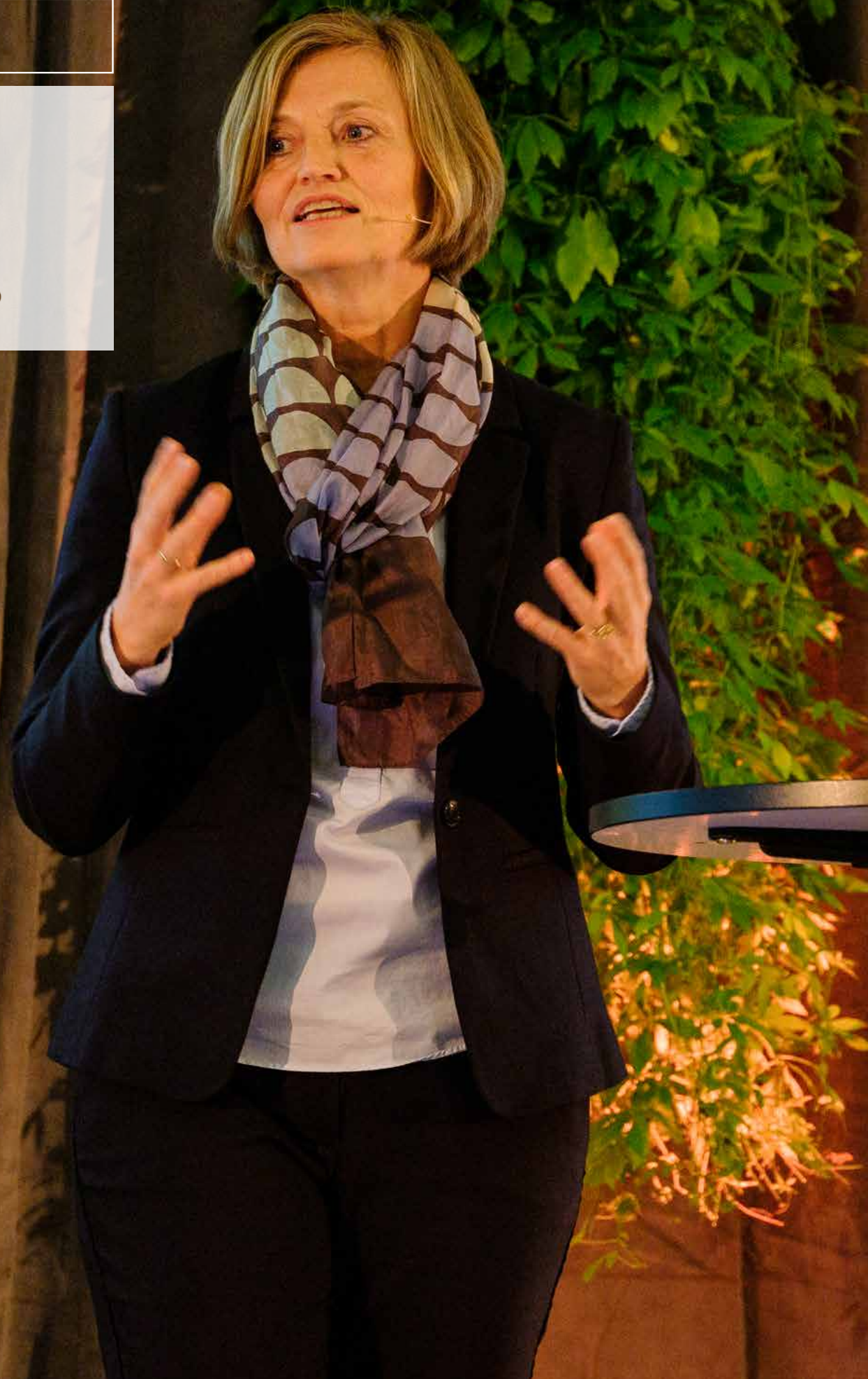
The PSA has established routines to ensure that its conduct of procurement helps suppliers to comply with legislation and statutory regulations when awarding contracts. It applies the terms in the standard government agreements prepared by the Agency for Public Management and eGovernment (Difi) to its contracts. These specify requirements for suppliers which accord with the regulations on pay and working conditions in public-sector contracts and accompany the invitation to tender. A self-declaration on working conditions signed by the supplier is obtained when tenders are submitted, and appended to the final contract.

Information and see-to-it duty, and Fol

The PSA's applicable practice for contracts relating to activities covered by the general application of pay agreements is specified in its routine for fulfilling obligations pursuant to the regulations on information and see-to-it duties and Fol. This covers both main and sub contractors, and is followed up by the PSA through inspection of relevant documentation. No breaches of the above were uncovered in 2019.

PART

V.



PART V. Outlook

The latest White Paper on the petroleum sector – Report no 12 (2017-2018) to the Storting – specifies that the industry must maintain a long-term perspective and a high level of HSE. It states that the PSA will be a strong and clear supervisory authority with the necessary trust and credibility, and that the companies are responsible for ensuring that their activities at all times are prudent and comply with the regulations. The PSA will set the agenda and monitor that the players discharge this responsibility.

A scenario analysis where the perspective was the petroleum industry and HSE conditions in 2035 was conducted by the PSA in 2018, and the drivers identified there with a high degree of certainty are seen to apply still. The oil price will vary, efficiency enhancement and cost cuts will continue to characterise the industry, the climate, the environment and sustainability will become more significant, and technological progress and digitalisation will continue. Work organisation and modes of collaboration will change, vessels will be used more, and late life will play a greater part in the industry. Such trends will require great attention in the time to come – both from the PSA as an authority and from the parties in the industry.

Climate, the environment and sustainability

Climate considerations have become a key factor in oil policy, and renewable energy is an important driver for restructuring. A collective Norwegian petroleum sector specified its climate goals in January 2020, with emission reductions of 40 and virtually 100 per cent by 2030 and 2050 respectively. These are very ambitious targets which will require a big commitment and follow-up. The PSA has been monitoring climate adaptations by the industry and preparations to produce renewable energy for a number of years. The sector must ensure that facilities and plants are operated safely during and after the adaptations are implemented, and that new solutions meet a high safety standard.

The PSA's work on offshore wind power covers monitoring the Hywind Tampen project and developing framework conditions for this sector which includes determining parameters, supervision and inter-party collaboration. Wind power is part of the solution for reaching Norway's climate goals, but also represents a new industrial activity offshore. Regulations for transporting and storing CO₂ have been established in 2020. The PSA is awaiting clarification on regulatory responsibility for offshore wind power in general and for subsea mineral recovery. These are areas where it already has expertise or can develop it. The PSA must also actively assess whether its regulations and enforcement promote safe approaches to reducing greenhouse gas emissions, and whether regulatory adjustments will be needed.

New technology – safety and vulnerability

New technology and digitalisation are still attracting great attention in the industry, which is moving towards more remote or autonomous operation as well as fully automated solutions. These are all important initiatives which could make valuable contributions to enhanced efficiency, safety and the working environment, and meeting climate targets.

Technological innovations and a greater number of integrated systems could also increase complexity and vulnerability. With the threat picture constantly changing, measures and barriers must reflect that. Both the PSA and the players in the industry are making substantial efforts to avoid ICT incidents. In coming years, the authority will be implementing several projects in this area, including knowledge development and audits on how new technologies and solutions affect risk and how to handle that.

Efficiency enhancements and restructuring

The PSA sees that the rate of change is still high and that it can be challenging to make integrated assessments of the consequences for safety and the working environment. Continuous efforts are being made to improve manning efficiency as well as operating models and solutions. While the overall parameters are more or less unchanged, the relationship between operator and contractor and working conditions for the individual have gradually altered. This finds expression in part through new methods for organising work, contractual regimes and forms of association for employees.

In the time to come, the PSA will place great emphasis on how the industry actively assesses the impact of changes and new solutions, and how associated uncertainty is evaluated and handled for ensuring prudent activities.

The PSA also saw in 2019 that major international operators are less interested in the NCS. Mergers and takeovers are still being pursued, new companies arrive, and small and medium-sized players take on larger roles. The PSA is following this trend closely, and places emphasis on the companies giving priority to and maintaining their knowledge about and understanding of the Norwegian HSE regime.

Continued strengthening of the regime and the effects of the PSA's work

During 2020, the PSA will continue to devote great attention to being more visible, stronger and clearer in its audits and other externally oriented activities. It is continuing to develop its supervisory strategy and its use of instruments and reactions, and is making improvements to its own systems and work processes. The authority is working to ensure high quality in its knowledge base, which represents its most important tool for establishing an up-to-date risk picture. Efforts will also continue to improve methods for evaluating the effect of its efforts.

Although the message from the White Paper was that the Norwegian model functions well, the PSA must strive continuously to strengthen and continue developing the regime.

It works on this every day, and expects all the parties to contribute to its follow-up for creating a safe and sustainable industry in 2020 as well.

Anne Myhrvold
Director general, Petroleum Safety Authority Norway



PART VI. Financial statements

Purpose

The Petroleum Safety Authority Norway (PSA) is responsible for setting the agenda and for monitoring to ensure that players in the petroleum industry maintain a high level of HSE in order to reduce the risk of major accidents, undesirable incidents and occupational injuries and illnesses. Its remit covers petroleum activities on the NCS and at certain onshore installations, gas-fired power stations, and facilities for CO₂ capture and transport.

Through its own supervisory activities and in collaboration with other authorities in the HSE domain, the PSA will help to ensure that petroleum operations and associated activities are monitored in an integrated way. It will also give great emphasis to disseminating knowledge about risks and to following up that activities are conducted prudently and in compliance with applicable regulations.

Accounting principles

The PSA is funded gross under Norway’s state financing regime, and its operating accounts are maintained in accordance with the accrual accounting method pursuant to government accounting standards. It also reports to the central government accounts in accordance with the cash accounting principle.

Comments on the accounts and appropriation reporting

Appropriation reporting

The total allocation to the PSA was NOK 331.8 million. In addition, it received charge authorisations of NOK 1 million from the Ministry of Foreign Affairs for the project on regulation and standardisation of Arctic petroleum activities, and of NOK 0.5 million from the ministry for the R&D project concerning field developments on the NCS. Together with refunds from the NAV and excess revenue authorities, the framework available to the PSA was NOK 338.4 million.

The expense appropriation for item 01 operating expenses was increased in 2019 by NOK 6.6 million for enhanced monitoring of petroleum operations and by NOK 5 million as the full-year effect of the increased appropriation from 2018 for closer follow-up of ICT security in the sector. In addition, the appropriation was adjusted for pay compensation and price adjustments as well as for the impact of the de-bureaucratisation and efficiency (ABE) reform.

Operating expenses fell short of the appropriation amount by NOK 8.8 million, or 2.7 per cent. This reduced expense partly reflects unused funding for pay and delayed deliveries with certain projects and acquisitions. Departure of personnel and consequent redeployment of internal resources to other roles and priority jobs meant the PSA’s capacity to implement sector assignments and other tasks was somewhat reduced.

Revenues associated with the performance of audits shows that the PSA had a reduced income of NOK 1 million under item 03 supervision fees⁴ and NOK 9.8 million under item 70 Petroleum Safety Authority Norway – sector charge⁵ compared with appropriations granted for 2019. However, this must be viewed in relation to associated reduced expenses on items 01 and 21 linked to the execution of refundable projects and assignments.

Account reporting

A total of NOK 90.1 million was received in relation to the PSA’s fee-funded supervisory activities and assignments directed at Norad – Oil for Development and so forth. This increase of NOK 14.1 million from 2018 partly reflected a transfer of activities from sector-financed to fee-financed assignments and a higher level of activity for Norad.

Pay costs rose from NOK 204.9 million in 2018 to NOK 216.2 million in 2019. This reflected increases following the collective pay settlement in 2018, and a growth in the PSA’s workforce.

Investment in 2019 amounted to NOK 6 million, which largely related to converting offices and meeting rooms, replacing PCs and monitors, and technical upgrading of meeting rooms and the emergency response centre.

The PSA’s income from audits related to sector-financed assignments (collecting amounts due) totalled NOK 106.9 million, up by NOK 5.8 million from 2018. This rise must be seen in relation to a larger operating appropriation for enhanced follow-up of petroleum activities.

Operation accounts pursuant to the government accounting standards (SRS)

Operating revenues

Total operating revenues came to NOK 327.8 million, representing an increase of 8.8 per cent from 2018.

The share of income from appropriations rose by comparison with 2018, primarily owing to an increase in the operating appropriation linked to enhanced follow-up of the petroleum industry and higher pay costs.

During 2019, the PSA received and processed more AoC applications and conducted a larger number of investigations than the year before. For that reason, it reallocated resources from sector-financed to fee-financed supervisory activities. The increase in income from fees also reflects more audits of the players.

⁴ Fees are charged to individual players in the petroleum industry when the audit is directed at them.
⁵ Sector charges are levied for activities directed at groups in the industry.

Operating expenses

Operating expenses totalled NOK 327.8 million, up by 3.3 per cent from 2018. Pay costs rose by 6.2 cent through a combination of the 2018 pay settlement and an increase in employees. Other operating expenses rose by 12.8 per cent, which must be seen in relation to higher appropriations for projects/activities related to enhanced follow-up of the petroleum sector and ICT security. The need to purchase consultancy services rose in these areas.

Sector charges collected and other transfers to the government

In 2019, the PSA received a higher appropriation related to projects directed at groups in the petroleum industry. That increased income in the sector-charge area. See the item on charges and fees directly to the Treasury in the income statement.

Confirmation

The annual financial statements have been prepared in accordance with the provisions concerning financial management in the public sector, the circular from the Ministry of Finance and instructions from the competent ministry. In my opinion, the financial statements give a true and fair picture of the PSA's disposable appropriations and of the recognised expenses, income, assets and liabilities. As a public administration body, the PSA is audited by the Office of the Auditor General. The audit report is expected to be available by 30 April 2020 at the latest.

Petroleum Safety Authority Norway, 15 March 2020



Anne Myhrvold

Director general, Petroleum Safety Authority Norway



Note on the principles for appropriation and account reporting

The annual financial statements for the PSA have been prepared and presented in accordance with specific guidelines set out in the provisions concerning financial management in the public sector ("the provisions"). The financial statements meet the requirements of item 3.4.1 of the provisions on general considerations about the financial statements, detailed provisions in the Ministry of Finance's circular R-115 of November 2019, and any supplementary requirements defined by the competent ministry. The appropriation and account reports have been compiled on the basis of item 3.4.2 of the provisions on fundamental principles for the financial statements.

- a) The financial statements follow the calendar year.
- b) The financial statements contain all reported expenditure and revenues for the financial year.
- c) Expenses and revenues are recognised in the financial statements as gross amounts.
- d) The financial statements are prepared in accordance with the cash principle.

The appropriation and account reports have been compiled in accordance with the same principles, but are grouped in accordance with differing charts of accounts. These principles correspond to the requirements in item 3.5 of the provisions concerning how the activities are to be reported to the central government accounts. The total lines "Net amount reported to the appropriation account" are identical in both reports.

The PSA is affiliated to the government's corporate account scheme with Norges Bank in accordance with the requirements in item 3.7.1 of the provisions. The PSA is a gross-budgeted undertaking and is not assigned liquidity throughout the year, but has drawing rights on its own corporate account in Norges Bank. The balance in the settlement account is reset to zero at the transition to a new financial year.

Appropriation report

The appropriation report consists of an upper part which contains the appropriation report, and a lower part which shows holdings listed for the PSA in the capital account.

The appropriation report shows accounting figures which the PSA has reported to the central government accounts, and its entries accord with the sections and items in the appropriation account which the PSA has at its disposal. The column entitled "Total allocation" shows what the PSA has been allocated in the letter of allocation for each government account (section/item). The report also presents all financial assets and obligations which the PSA is listed with in the government capital account.

Authorisations received to charge another organisation's section/item (charge authorisations) are not shown in the total allocation column, but explained in Note B to the appropriation statement. Expenses attributable to charge authorisations received are posted and reported to the central government accounts and shown in the column for accounting in the appropriations reporting.

Account report

The layout of the account report consists of an upper section showing what is reported to the central government accounts in accordance with the standard chart of acco-
unts for government undertakings, and a lower section showing assets and liabilities included in the balances with the Treasury. The account reporting presents accounting figures reported by the PSA to the central government accounts. The PSA has drawing rights on a corporate account with Norges Bank. The appropriations are not recognised as income and are therefore not shown as income in the statement.

Presentation of appropriation report, 31.12.2019

						Added expenses (-)
Expense section	Section name	Item	Item text	Note	Total allocation * Account 2019	and reduced expenses
0642	Petroleum Safety Authority Norway (see section 3642)	01	Operating expenses	A, B	296 023 000	287 364 356
0642	Petroleum Safety Authority Norway (see section 3642)	21	Special operating expenses	A, B	31 437 000	31 295 729
0642	Petroleum Safety Authority Norway (see section 3642)	45	Major equipment purchases and maintenance	A, B	4 300 000	1 988 631
0118	Ministry of Foreign Affairs - Charge authorisation 0118.70	70	Operating expenses	B		1 000 000
0601	Ministry of Labour and Social Affairs - Charge authorisation 0601.21	21	Special operating expenses	B		500 000
1633	Net scheme, state paid value added tax	01	Operating expenses			14 213 266
Total expensed					331 760 000	336 361 983

						Added income and
Income section	Section name	Item	Item text		Total allocation * Account 2019	reduced income (-)
3642	Petroleum Safety Authority Norway (see section 0642)	02	Assignment and collaborative activities		7 530 000	9 927 328
3642	Petroleum Safety Authority Norway (see section 0642)	03	Supervision fees		80 370 000	79 406 106
3642	Petroleum Safety Authority Norway (see section 0642)	06	Other payments received		0	731 543
3642	Petroleum Safety Authority Norway (see section 0642)	07	Rental income, company cabin		0	39 200
5571	Sector charge under the Ministry of Labour and Social Affairs	70	Petroleum Safety Authority Norway - sector charge		116 620 000	106 862 347
5309	Misc. revenues	29	Misc.			211 800
5700	National Insurance scheme revenues	72	National Insurance contributions			26 670 425
Total income recognised					204 520 000	223 848 749

Net amount reported to the appropriation account

112 513 234

Capital accounts		
60087401	Norges Bank Capital account deposits	199 472 637
60087402	Norges Bank Capital account payments	-311 783 994
718006	Changes in outstanding account with the State Treasury	-201 878
Total reported		0

Stocks reported to the capital account (31.12)

Account	Text	2019	2018	Change
718006	Outstanding account with the State Treasury	-9 020 828	-8 818 950	-201 878

* Total allocation is not reduced by any charge authorisations issued (applies to both expenses and income sections). See note B *Explanation of utilised authorisations and calculation of possible amount for carryforward to next year* for details.

Note A Explanation of total allocation expenses

Section and item	Transferred from last year	Allocations for the year	Total allocation
064201	7 922 000	288 101 000	296 023 000
064221	1 437 000	30 000 000	31 437 000
064245	2 600 000	1 700 000	4 300 000

Note B Explanation of utilised authorisations and calculation of possible amount for carryforward to next year

Section and item	064201	064221	064245	011870	060121
Keyword	"can be used under item 21"		"can be carried forward"		
Added expense (-)/reduced expense	8 658 644	141 271	2 311 369		
Expensed by others in accordance with issued charge authorisations (-)	0	0	0		
Added expenses (-)/reduced expenses in accordance with issued charge authorisations	8 658 644	141 271	2 311 369	0	0
Added income/reduced income (-) in accordance with added income authorisation (adjusted for any value added tax)	770 743	2 397 328	0	Ikke aktuell	Ikke aktuell
Reallocation from item 01 to 45 or to item 01/21 from next year's appropriation	0	0	0	Ikke aktuell	Ikke aktuell
Savings (-)	0	0	0	Ikke aktuell	Ikke aktuell
Total basis for transfer	9 429 387	2 538 599	2 311 369	Ikke aktuell	Ikke aktuell
Max. carryforward amount *	14 405 050	1 500 000	3 300 000		
Possible carryforward amount calculated by the organisation	9 429 387	1 500 000	2 311 369		

*The maximum amount that can be carried forward is 5% of the year's appropriation under operating items 01-29, with the exception of item 24 or the sum of the previous two years' appropriations for items with the keywords "can be carried forward". See annual circular R-2 for more detailed information concerning the carryforward of unutilised appropriations.

Explanation concerning the utilisation of budget authorisations

Charge authorisations received

The PSA has received a charge authorisation from the Ministry of Labour and Social Affairs for NOK 500,000 under section 601, item 21 for the performance of *R&D on field developments on the NCS* and has utilised NOK 500,000 of this charge authorisation. The Ministry of Foreign Affairs has issued the PSA with a charge authorisation of up to NOK 1,000,000 under section 118, item 70 for the project *Risk planning in the High North*. The PSA has utilised NOK 1,000,000 of this charge authorisation.

The keywords "can be utilised under"

The PSA's appropriation under section 642, item 01 was issued with the keywords "can be utilised under item 21". This authorises the PSA to exceed section 642, item 21 in return for corresponding savings under section 642, item 01.

The keywords "can be carried forward"

The PSA's appropriation under section 642, item 45 was issued with the keywords "can be carried forward". The PSA allows this amount to be included in a possible carryforward amount.

Authority to exceed operating appropriations in return for corresponding added income

The PSA has authority to exceed the operating appropriation under section 642, item 01 Operating expenses in return for corresponding added income under section 3642, item 06 Other payments received and item 07 Rental income, company cabin. The total added income amounts to NOK 770,743. The amount is included in the calculation of the possible carryforward amount to next year.

The PSA has authority to exceed the operating appropriation under section 642, item 21 Special operating expenses in return for corresponding added income under section 3642, item 02 Assignment and collaborative activity. The PSA has added income on item 02 of NOK 2,397,328. The amount is included in the calculation of the possible carryforward amount to next year.

Possible carryforward amount

The PSA is authorised to carry forward up to 5% of the annual appropriation granted for section 642, items 01 and 21; see Letter of Allocation 2019 - Budget authorisations for the Ministry of Labour and Social Affairs' subordinate activities in 2019, provisions of the Appropriations Regulations, Section 5, third para (1) and the annual circular on the carryforward of unspent appropriations (R-2).

The PSA's unutilised appropriation under section 642, item 01 amounts to NOK 9,429,387. As the unutilised appropriation is below the maximum carryforward threshold, the entire amount may be carried forward to the next budget year.

Adjusted for reduced income under section 3642, item 02, the PSA's unutilised appropriation for section 642, item 21 amounts to NOK 2,538,599. In accordance with the authority to transfer up to 5% of this year's award, the possible carryforward amounts to NOK 1,500,000,-.

Appropriations under section 642, item 45 include the keywords "can be carried forward" and authorisation is thereby granted to carry forward unutilised appropriations to the two subsequent budget years. Under the authorisation granted, the maximum carryforward amount is NOK 3,300,000. As the unutilised appropriation is below the carryforward threshold, the entire amount may be carried forward to the next budget year. Appropriations on item 45 cease with effect from budget year 2020 and an application has been made to transfer unutilised appropriations to section 642, item 01.

Presentation of the account report, 31.12.2019

	2019	2018
Operating revenues reported to the appropriation account		
Payments from fees	79 406 106	68 531 384
Sales and rental payments received	9 966 528	6 977 502
Other payments received	726 544	467 363
<i>Total payments received from operations</i>	90 099 178	75 976 249
Operating expenses reported to the appropriation account		
Payments to salary	216 235 088	204 973 909
Other payments to operations	99 934 092	99 979 135
<i>Total payments to operations</i>	316 169 180	304 953 044
Net reported operating expenses	226 070 002	228 976 795
Investment and financial income reported to the appropriation account		
Financial income received	5 000	249
<i>Total investment and financial income</i>	5 000	249
Investment and financial expenses reported to the appropriation account		
Payments for investments	5 978 931	2 264 190
Payment of financial expenses	606	1 943
<i>Total investment and financial expenses</i>	5 979 537	2 266 133
Net reported investment and financial expenses	5 974 537	2 265 884
Sector charges collected and other transfers to the State		
Payment of taxes, charges, fees, etc.	106 862 347	101 019 979
<i>Total sector charges collected and other transfers to the State</i>	106 862 347	101 019 979
Grant administration and other transfers from the State		
Payment of grants and benefits	0	0
<i>Total grant administration and other transfers from the State</i>	0	0
Revenues and expenses reported under joint sections		
Group life insurance account 1985 (ref. section 5309, income)	211 800	223 402
National Insurance contributions account 1986 (ref. section 5700, income)	26 670 425	25 243 803
Net recognition scheme for value added tax account 1987 (ref. section 1633,	14 213 266	11 167 783
<i>Net reported expenses under joint sections</i>	-12 668 958	-14 299 421
Net amount reported to the appropriation account	112 513 234	115 923 279

Summary of outstanding account with the State Treasury

	2019	2018
Assets and liabilities		
Receivables on employees	221 457	66 116
Other current receivables	28 538	30 575
Tax deductions and other deductions payable	-9 286 535	-8 912 054
Accrued public duties	-17 702	-16 423
Other liabilities	33 414	12 835
Total outstanding account with the State Treasury	-9 020 828	-8 818 950

Policies for preparing the operating account

The operating accounts are organised in accordance with the Norwegian government accounting standards (SRS). The annual accounts are presented in accordance with SRS 1 of August 2015 and SRS 10 of December 2016.

Transaction-based income

Income is recognised in the income statement as it accrues. Transactions are recognised at the value of the remuneration at the time of the transaction. Sales of services are recognised as income as the services are provided.

Income from appropriations

Income from appropriations is recognised in the income statement as the activities which the income is expected to finance are performed, ie, in the period when the costs accrue (match).

The share of income from appropriations, etc, used to purchase intangible and depreciable assets recognised in the balance sheet is not recognised at the time of purchase, but entered as a provision in the balance sheet under state financing of intangible and depreciable assets.

As intangible and depreciable assets are expensed, a corresponding amount from the provision for state financing of intangible and depreciable assets is recognised as income. The income recognised during the period from the provision is recognised in the income statement as income from appropriations. This means that expensed depreciation is included in the organisation's operating expenses without having any impact on the result.

Expenses

Expenses concerning transaction-based income are expensed during the same period as the associated income. Expenses financed through income from appropriations are expensed as the activities are performed.

Pensions

SRS 25 on benefits to employees applies a simplified accounting approach to pensions. State enterprises do not capitalise net pension liabilities for plans in the Norwegian Public Service Pension Fund (SPK).

The PSA recognises the employer's share of the pension premium as a pension cost, which is expensed as if the SPK pension plan is on a defined-contribution basis.

Classification and valuation of fixed assets

Fixed assets are long-term, substantial assets available for use by the PSA. "Long-term" means a useful life of three years or more. "Substantial" means assets with a purchase cost of NOK 30 000 or more. Fixed assets are recognised in the balance sheet at their acquisition cost less depreciation.

Office equipment and computers (PCs, servers, etc) with a useful life of three years or more are recognised in the balance sheet as separate groups.

Classification and valuation of current assets and liabilities

Current assets and liabilities include items which fall due for payment within one year after the acquisition date. Other items are classified as fixed assets/non-current liabilities. Current assets are valued at acquisition cost or fair value, whichever is lower. Current liabilities are recognised in the balance sheet at their nominal amount at the time of take-up.

Receivables

Trade debtors and other receivables are recognised in the balance sheet at their nominal value after the deduction of a provision for bad debts. Provision is made for bad debts on the basis of individual assessments of receivables.

State capital

State capital comprises the net amount of the PSA's assets and liabilities, and is presented in the balance sheet item on settlements. As a gross-budgeted organisation, the PSA does not present the corporate accounts with Norges Bank as bank deposits. They are incorporated in the item on settlement with the Treasury.

Settlements

As a gross-budgeted organisation, the net amount of all the PSA's balance sheet items, with the exception of intangible and depreciable assets, is funded by the settlement with the Treasury. The PSA does not present the corporate accounts with Norges Bank as bank deposits. They are included in the settlement with the Treasury.

State financing of intangible and depreciable assets

The provision for state financing of intangible and depreciable assets shows income from appropriations and the like which are applied to procuring intangible and depreciable assets.

State parameters

The self-insurer principle

The state is a self-insurer. No items have therefore been included in the balance sheet or income statement which seek to reflect alternative net insurance costs or commitments.

State corporate account scheme

The PSA is covered by the government corporate account scheme. Under this scheme, all incoming and outgoing payments are settled against the PSA's settlement accounts with Norges Bank on a daily basis.

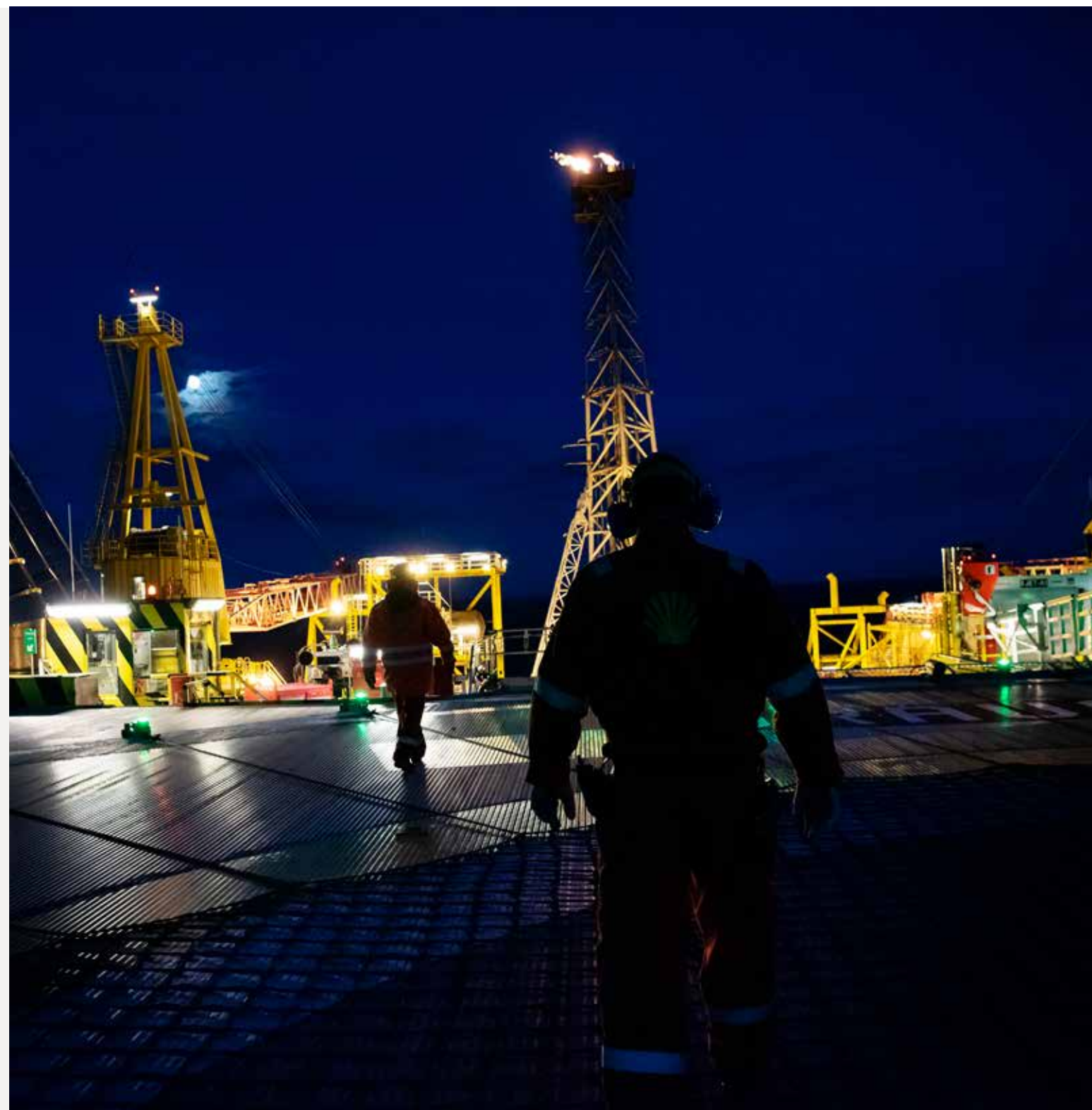
As a gross-budgeted organisation, the PSA receives no liquidity during the year. However, it has drawing rights on its own corporate account. Where gross-budgeted organisations are concerned, the balance in the individual settlement account with Norges Bank is reset to zero at the transition to the new financial year.

Income statement

	Note	31.12.2019	31.12.2018
Operating revenues			
Income from appropriations	1	236 580 348	222 525 545
Income from fees	1	81 103 381	69 492 816
Sales and rental income	1	9 318 435	8 811 477
Other operating income	1	840 633	467 363
<i>Total operating income</i>		327 842 797	301 297 202
Operating expenses			
Cost of goods	2	11 637 632	9 214 011
Salary expenses	3	217 770 186	205 021 436
Depreciation of depreciable assets and intangible assets	4, 5	2 429 840	1 961 818
Other operating expenses	6	96 009 533	85 098 242
<i>Total operating expenses</i>		327 847 191	301 295 508
Operating profit		-4 394	1 694
Financial income and financial expenses			
Financial income	7	5 000	249
Financial expenses	7	606	1 943
<i>Total financial income and financial expenses</i>		4 394	-1 694
Net income from the period's activities		0	0
Settlements and appropriations			
Settlement with the State Treasury (gross-budgeted)	8A, 8B	0	0
<i>Total settlements and appropriations</i>		0	0
Sector charges collected and other transfers to the State			
Charges and fees directly to the State Treasury	9	-106 862 347	-101 019 979
Settlement with the State Treasury, sector charges collected		106 862 347	101 019 979
<i>Total sector charges collected and other transfers to the State</i>		0	0
Grant administration and other transfers from the State			
Payment of grants to others		0	0
<i>Total grant administration and other transfers from the State</i>		0	0

Balance sheet - Assets

	Note	31.12.2019	31.12.2018
A. Fixed assets			
I Intangible assets			
Software and similar rights	4	1 397 811	1 211 170
<i>Total intangible assets</i>		1 397 811	1 211 170
II Depreciable assets			
Plots, buildings and other real property	5	1 524 836	623 126
Movables, fixtures and equipment, tools, etc.	5	8 182 758	5 334 463
<i>Total depreciable assets</i>		9 707 594	5 957 588
III Financial fixed assets			
Other receivables	10	43 833 298	44 574 664
<i>Total financial fixed assets</i>		43 833 298	44 574 664
Total fixed assets		54 938 704	51 743 422
B. Current assets			
I Stocks of goods and operating equipment			
Stocks of goods and operating equipment		0	0
<i>Total stocks of goods and operating equipment</i>		0	0
II Receivables			
Trade debtors	11	1 043 947	1 295 849
Earned, uninvoiced income	12	16 373 125	15 183 661
Other receivables	13	1 565 347	8 287 186
<i>Total receivables</i>		18 982 419	24 766 695
III Bank deposits, cash, etc.			
Bank deposits		0	0
<i>Total bank deposits, cash, etc.</i>		0	0
Total current assets		18 982 419	24 766 695
Total assets		73 921 123	76 510 117



Balance sheet - State capital and liabilities

	Note	31.12.2019	31.12.2018
C. State capital			
I Contributed capital			
Total contributed capital		0	0
II Settlements			
Settled with the State Treasury (gross-budgeted)	8A, 8B	23 068 430	31 832 734
Total settlements		23 068 430	31 832 734
III State financing of intangible assets and depreciable assets			
State financing of intangible assets and depreciable assets	4, 5	11 105 405	7 168 758
Total State financing of intangible assets and depreciable assets		11 105 405	7 168 758
Total State capital		34 173 835	39 001 492
D. Liabilities			
I Provision for non-current commitments			
Provisions for non-current commitments		0	0
Total provision for non-current commitments		0	0
II Other non-current liabilities			
Other non-current liabilities		0	0
Total other non-current liabilities		0	0
III Current liabilities			
Trade creditors		895 440	385 259
Tax deductions payable		9 286 535	8 909 944
Accrued public duties		3 716 934	3 531 549
Provision for holiday pay		18 716 023	17 757 813
Other current liabilities	14	7 132 355	6 924 060
Total current liabilities		39 747 287	37 508 624
Total liabilities		39 747 287	37 508 624
Total State capital and liabilities		73 921 123	76 510 117

Note 1 Operating income

	31.12.2019	31.12.2018
Income from appropriations		
Income from appropriation from competent ministry	240 586 999	222 872 297
Income from appropriation from other ministries, charge authorisation	1 500 000	2 000 000
- gross amount utilised for investments in intangible assets and depreciable assets	-6 366 487	-2 264 190
- unused appropriation for investment purposes (items 30-49)	-2 311 369	-2 599 906
+ deferred income from provision linked to investments (depreciation)	2 429 840	1 961 818
+ deferred income from provision linked to investments (book value of fixed assets disposed of)	0	0
+ income to cover pension expenses	0	0
- recognised operating appropriation linked to financial fixed assets	741 365	555 525
Total income from appropriations	236 580 348	222 525 545
Income from grants and transfers		
Grants/transfers	0	0
Total income from grants and transfers	0	0
Income from fees		
Fees etc. - refundable	81 103 381	69 492 816
Total income from fees	81 103 381	69 492 816
Sales and rental income		
Safety Forum	223 671	191 670
Income from assignment and collaborative activity	9 055 564	8 580 207
Other income	39 200	39 600
Total sales and rental income	9 318 435	8 811 477
Other operating income		
Gain from disposal of fixed assets	0	5 000
Other operating income	840 633	462 363
Total other operating income	840 633	467 363
Total operating income	327 842 797	301 297 202

Basis for recognition of expense appropriation

Section and item	Cash principle			Accrual principle
	Expense appropriation (total allocation)	Revenue appropriation	Reported income	Appropriation recognised as income
064201	296 023 000			205 107 648
064221	31 437 000			31 179 351
064245	4 300 000			4 300 000
011870	1 000 000			1 000 000
060121	500 000			500 000
364202		7 530 000	9 927 328	
364203		80 370 000	79 406 106	
Total	246 323 894			242 086 999

Note 2 Cost of goods

	31.12.2019	31.12.2018
Consultancy services	491 476	2 749 775
Assistance from State enterprises	1 951 710	392 818
Travel expenses	7 365 520	5 991 577
Purchase of external services	1 768 038	0
Other operating expenses	60 888	79 841
Total cost of goods	11 637 632	9 214 011

*As of 2019, consultancy services and other external services are presented separately. In the comparative figures for 2018, the purchase of external services is presented collectively on the note line "consultancy services".

Note 3 Salary expenses

	31.12.2019	31.12.2018
Salary expenses	152 659 947	144 573 562
Holiday pay	19 050 482	18 044 632
National Insurance contributions	26 858 967	25 249 534
Pension expenses*	19 089 399	18 229 747
Sick-pay and other reimbursements (-)	-2 018 914	-2 460 472
Other benefits	2 130 305	1 384 432
Total salary expenses	217 770 186	205 021 436

Number of full-time equivalents: 172 170

* More information concerning pension expenses

* Pensions are expensed in the income statement based on actual accrued premiums for the financial year. The premium rate for 2019 is 12.0 per cent. The premium rate for 2018 was 12.0 per cent.

Note 4 Intangible assets

	Software and similar rights	Total
Acquisition cost 01.01.2019	7 156 091	7 156 091
Acquisitions in 2019	606 626	606 626
Disposals, acquisition cost 2019 (-)	0	0
From installations under construction to other group in 2019	0	0
<i>Total acquisition cost 31.12.2019</i>	<i>7 762 717</i>	<i>7 762 717</i>
Accumulated impairments 01.01.2019	0	0
Impairments in 2019	0	0
Accumulated depreciations 01.01.2019	5 944 921	5 944 921
Ordinary depreciations in 2019	419 984	419 984
Accumulated depreciations, disposals in 2019 (-)	0	0
Balance sheet value 31.12.2019	1 397 811	1 397 811

Depreciation rates (lifetimes) 5 years / linear

Note 5 Depreciable assets

	Buildings and other real property	Movables, fixtures and equipment, tools, etc.	Total
Acquisition cost 01.01.2019	802 513	25 732 419	26 534 932
Acquisitions in 2019	964 677	4 795 184	5 759 861
Disposals, acquisition cost 2019 (-)	0	0	0
From installations under construction to other group in 2019	0	0	0
<i>Total acquisition cost 31.12.2019</i>	<i>1 767 190</i>	<i>30 527 603</i>	<i>32 294 793</i>
Accumulated impairments 01.01.2019	0	0	0
Impairments in 2019	0	0	0
Accumulated depreciations 01.01.2019	179 387	20 397 956	20 577 344
Ordinary depreciations in 2019	62 966	1 946 889	2 009 855
Accumulated depreciations, disposals in 2019 (-)	0	0	0
Balance sheet value 31.12.2019	1 524 836	8 182 758	9 707 594

Depreciation rates (lifetimes) 10-60 years decomposed linear 3-15 years linear

Disposal of depreciable assets in 2019:

Sale price upon disposal of fixed assets	0	0	0
- Book value of fixed assets disposed of	0	0	0
= Accounting profit/loss	0	0	0

Note 6 Other operating expenses

	31.12.2019	31.12.2018
Rent	26 418 553	25 446 895
Other expenses for operation of property and premises	6 895 952	7 206 202
Hire of machinery, equipment, etc.	3 136 118	2 651 618
Minor equipment purchases	905 239	616 198
Repair and maintenance of machinery, equipment, etc.	191 918	119 137
Purchase of external services *	6 881 552	35 980 048
Purchase of consultancy services *	34 012 571	0
Purchase of other external services *	3 373 550	0
Travel and subsistence	5 594 653	4 861 300
Other operating expenses	8 599 427	8 216 845
Total other operating expenses	96 009 533	85 098 242

*As of 2019, consultancy services and other external services are presented separately. In the comparative figures for 2018, purchases of external services are presented collectively on the note line "purchases of external services".

Additional information about operational leases

Duration remaining	Type of asset			
	Intangible assets	Plots, buildings and other real property	Movables, fixtures and equipment, tools, etc.	Total
Duration up to 1 year	1 554 624		123 192	1 677 816
Duration 1-5 years	717 210		741 092	1 458 302
Duration over 5 years		26 418 553		26 418 553
Expensed lease payments for the period	2 271 834	26 418 553	864 284	29 554 671

Note 7 Financial income and financial expenses

	31.12.2019	31.12.2018
Financial income		
Interest income	5 000	249
Total financial income	5 000	249
Financial expenses		
Interest expense	606	1 885
Currency losses (disagio)	0	58
Total financial expenses	606	1 943

Note 8 Relationship between settled with the State Treasury and outstanding account with the State Treasury

A) Settled with the State Treasury

	31.12.2019	31.12.2018	Change
Intangible assets, depreciable assets and financing thereof			
Intangible assets	1 397 811	1 211 170	186 642
Depreciable assets	9 707 594	5 957 588	3 750 006
State financing of intangible assets and depreciable assets	-11 105 405	-7 168 758	-3 936 647
<i>Total</i>	0	0	0
Financial fixed assets			
Other receivables	43 833 298	44 574 664	-741 365
<i>Total</i>	43 833 298	44 574 664	-741 365
Current assets			
Trade debtors	1 043 947	1 295 849	-251 902
Earned, uninvoiced income	16 373 125	15 183 661	1 189 464
Other receivables	1 565 347	8 287 186	-6 721 838
<i>Total</i>	18 982 419	24 766 695	-5 784 276
Non-current commitments and liabilities			
Other non-current liabilities	0	0	0
<i>Total</i>	0	0	0
Current liabilities			
Trade creditors	-895 440	-385 259	-510 181
Tax deductions payable	-9 286 535	-8 909 944	-376 591
Accrued public duties	-3 716 934	-3 531 549	-185 386
Provision for holiday pay	-18 716 023	-17 757 813	-958 210
Other current liabilities	-7 132 355	-6 924 060	-208 295
<i>Total</i>	-39 747 287	-37 508 624	-2 238 663
Settled with the State Treasury	23 068 430	31 832 734	-8 764 304

Reconciliation of change in settled with the State Treasury (congruence non-conformity)

Corporate account, outgoing payments	-311 783 994
Corporate account, incoming payments	199 472 637
<i>Total net deduction from corporate account</i>	-112 311 356
+ Recognised income from appropriation (sub-accounts 1991 and 1992)	239 775 630
- Group life/National Insurance contributions (sub-accounts 1985 and 1986)	-26 882 225
+ Net scheme, State paid value added tax (sub-account 1987)	14 304 345
Reversed deferred income upon disposal of fixed assets, where the provision is not recognised in the income statement (sub-account 1996)	0
Correction of provision for holiday pay (employees who move to another State position)	-1 108
Sector charges collected	-106 862 347
Other reconciliation items (specified)	741 365
<i>Total difference between recognised and net deduction from corporate account</i>	8 764 304
Net income from the period's activities before settlement with State Treasury	0
Total change in settled with the State Treasury	8 764 304

Note 8 Relationship between settled with the State Treasury and outstanding account with the State Treasury

B) Difference between settled with State Treasury and outstanding account with State Treasury

	31.12.2019	31.12.2019	
		Specification of	
		Specification of	reported
	posted settlement	outstanding account	
	with State Treasury	with the State	Difference
Intangible assets, depreciable assets and financing thereof			
Intangible assets	1 397 811	0	1 397 811
Depreciable assets	9 707 594	0	9 707 594
State financing of intangible assets and depreciable assets	-11 105 405	0	-11 105 405
<i>Total</i>	0	0	0
Financial fixed assets			
Other receivables	43 833 298	0	43 833 298
<i>Total</i>	43 833 298	0	43 833 298
Current assets			
Trade debtors	1 043 947	0	1 043 947
Earned, uninvoiced income	16 373 125	0	16 373 125
Other receivables	1 565 347	249 995	1 315 353
<i>Total</i>	18 982 419	249 995	18 732 424
Non-current commitments and liabilities			
Other non-current liabilities	0	0	0
<i>Total</i>	0	0	0
Current liabilities			
Trade creditors	-895 440	0	-895 440
Tax deductions and other deductions payable	-9 286 535	-9 286 535	0
Accrued public duties	-3 716 934	-17 702	-3 699 233
Provision for holiday pay	-18 716 023	0	-18 716 023
Other current liabilities	-7 132 355	33 414	-7 165 769
<i>Total</i>	-39 747 287	-9 270 823	-30 476 465
Total	23 068 430	-9 020 828	32 089 258

Note 9 Sector charges collected and other transfers to the State

	31.12.2019	31.12.2018
Sector charge, hours	-72 195 511	-71 684 707
Reimbursed expenses, consultants	-30 705 638	-24 064 223
Reimbursed expenses, assistance from State enterprises	0	-400 000
Reimbursed expenses, other operating expenses	-665 123	-1 924 707
Refunded expenses for travel expenses	-3 471 567	-2 077 282
Clearing account, provisions	4 320 812	3 617 916
Clearing account, receivables	175 492	-869 061
Earned, uninvoiced income	-4 320 812	-3 617 916
Total charges and fees directly to the State Treasury	-106 862 347	-101 019 979

Income from sector charges is classified as sector charges collected. The collection of sector charges is not part of operating income, but is presented as a result-neutral entry recognised under the cash accounting principle in the income statement.

Note 10 Other receivables

	31.12.2019	31.12.2018
Paid value added tax surcharge, accumulated as at 01.01	57 500 633	54 900 633
Paid value added tax surcharge	2 600 000	2 600 000
Total paid value added tax surcharge as at 31.12	60 100 633	57 500 633
Expensed prepaid rent, accumulated as at 01.01	12 925 969	9 770 444
Expensed prepaid rent	3 341 365	3 155 526
Total expensed prepaid rent	16 267 335	12 925 969
Total financial fixed assets	43 833 298	44 574 664

Under the agreement concerning the leasing of premises applicable from 1 January 2013, the PSA is required to pay a value added tax surcharge ('the surcharge') to compensate the lessor for the reduction in its right to deduct value added tax for construction costs. The surcharge is also intended to cover interest from the date on which the deduction for value added tax could have been obtained through until the date on which the surcharge is paid. The surcharge is considered to form part of the rent paid by PSA and is financed via an appropriation during the years in which the surcharge is paid.

In PSA's balance sheet, deposited amounts are classified as a non-current receivable in the form of prepaid rent which is accrued over a period of 20 years, corresponding to the term of the rental agreement. The matching principle (see SRS 10, item 5) is used in connection with this item and has a contra-entry on the accounting line "Settlement with State Treasury". The provision is dissolved in line with the expensing of prepaid rent at the rate of one twentieth share per year.

As at 31.12.2019, the PSA has paid NOK 60.1 million and the remaining VAT compensation amounts to NOK

Note 11 Trade debtors

	31.12.2019	31.12.2018
Trade debtors at nominal value	1 043 947	1 295 849
Total trade receivables	1 043 947	1 295 849

Note 12 Earned, uninvoiced income

	31.12.2019	31.12.2018
Assignment and collaborative activities	2 232 418	2 714 806
Supervisory activity - fees	14 140 707	12 468 855
Total earned, uninvoiced income	16 373 125	15 183 661

Note 13 Other current receivables

	31.12.2019	31.12.2018
Travel advances	38 896	68 012
Personnel loans	184 457	0
Prepaid rent	-1	7 259 402
Other prepaid costs	760 185	377 961
Other receivables	581 811	581 811
Total other current receivables	1 565 347	8 287 186

Note 14 Other non-current liabilities

	31.12.2019	31.12.2018
Salaries payable	3 677 397	3 455 090
Other debts to employees	3 082 119	2 926 427
Accrued expenses	404 356	553 482
Deferred income, Safety Forum	-33 414	-12 835
Other current liabilities	1 896	1 896
Total other current liabilities	7 132 355	6 924 060





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