



2015 OPERATIONAL REVIEW OF THE
NATIONAL OFFSHORE PETROLEUM
TITLES ADMINISTRATOR

Report for the Minister for Industry and Science

September 2015

This report was prepared for the Department of Industry and Science by Noetic Solutions Pty Ltd.

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30 June 2015

The Hon. Ian Macfarlane MP
Minister for Industry and Science
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Minister

2015 Operational Review of the National Offshore Petroleum Titles Administrator (NOPTA)

Reference:

A.2015 NOPTA Operational Review Terms of Reference, dated 06 March 2015

Thank you for the opportunity to assist the Government with the first operational review of NOPTA. The review was conducted in accordance with Section 695P of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* and the Terms of Reference provided by the Department of Industry and Science.

I am pleased to enclose our final report. The report and recommendations were developed after an extensive process which included stakeholder interviews, an online stakeholder survey and a review of NOPTA's documents and processes.

Much has been achieved since NOPTA's creation on 1 January 2012. The recommendations made in this report provide an opportunity to build upon these foundations and strengthen Australia's offshore petroleum and greenhouse gas storage industries.

Yours sincerely

A handwritten signature in black ink, appearing to be "PM", followed by a period.

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Enclosure:

A.2015 Operational Review Of The National Offshore Petroleum Titles Administrator, Report for the Commonwealth Minister for Industry and Science, Dated 30 June 2015.

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EXECUTIVE SUMMARY

The National Offshore Petroleum Titles Administrator (NOPTA) is a statutory appointment which also holds the role of General Manager of a branch within the Resources Division, Department of Industry and Science (The Department). The Titles Administrator leads an organisation that is responsible for the management of offshore petroleum title applications, advice to Joint Authorities to assist with title decisions, compliance regulation for title conditions, and data management associated with offshore exploration and production activities in Commonwealth Waters. NOPTA delivers its services in two locations (Perth and Melbourne), with operating costs recovered through a range of levies and fees imposed on industry.

The Department contracted Noetic Solutions Pty Limited (Noetic) to undertake the 2015 Operational Review of NOPTA (the Review) in accordance with Section 695P (2) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS Act). This is the first operational review of NOPTA since its establishment on 1 January 2012. The Review's Terms of Reference cover themes related to NOPTA's effectiveness, the quality of advice to Joint Authorities, its effectiveness in managing data, the quality of relationships with stakeholders and the extent to which NOPTA's establishment and operation has met the objectives of the Government's response to the Productivity Commission¹ recommendations.

Prior to 2012 each state and territory managed titles in both their own and Commonwealth waters. This resulted in a burden on industry as the effort required to apply for titles was reflective of the similar-yet-different systems in place. This was one driver for the Productivity Commission's *Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*, which made 30 recommendations to improve the regulation of Australia's offshore petroleum industry. Among the recommendations, the establishment of a single national offshore petroleum regulator featured. The Commonwealth Government's response accepted many of these recommendations, with the creation of NOPTA forming part of this response.

This Review undertook its task through consulting with stakeholders from government, industry associations and a wide range of individual companies. Consultation was primarily through interviews, with some written submissions and an online survey. All consultation was undertaken on a non-attributed basis. The Review consulted with NOPTA's staff and examined documentation relating to operations and titles processing. The Review makes a number of findings and recommendations in the report.

Overall the Review found that NOPTA is effective in contributing to the efficiency of the decision making by a Joint Authority for a State or the Northern Territory. NOPTA has done so by developing the necessary internal mechanisms and having staff with the requisite skills. It has generally applied this capability to deliver high quality advice to Joint Authorities. The Review identifies a number of areas where improvements in capability can be made to enhance the quality of future advice.

In preparing this advice, the Review found that NOPTA has sought to develop strong relationships with stakeholders. Industry consistently reported that NOPTA's staff proactively engaged, provided options for consideration and were responsive. At the state and territory level, the Review found that relationships are positive and effective, although this was not always the case and ongoing effort will be required to enhance them. At the Federal level, NOPTA's relationships are uneven. With the Department and Geoscience Australia they are generally sound and productive.

¹ Productivity Commission, 2009, *Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*.

While the relationship with the Australian Maritime Safety Authority is of relatively limited significance, there is latitude to improve this relationship for mutual benefit. While NOPTA's relationship with the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) has developed, there is opportunity for greater improvement between the agencies. The Review notes that through strengthening this relationship there are both short and long term opportunities to improve end-to-end service to industry.

An important service provided by NOPTA for stakeholders is the management of a publically available register of petroleum titles through the National Electronic Approvals Tracking System (NEATS). The Review found that this system is well regarded by stakeholders and is widely used. The Review also identifies that there are both short and long term enhancements to NEATS that will make NOPTA more efficient and will reduce regulatory burden to industry. The improvements include enabling the online submission of applications, making NEATS a 'workflow' system and linking NEATS to NOPSEMA's activities.

NOPTA has a responsibility to obtain and securely store data from companies. This data can subsequently be released for use by industry once authorised. NOPTA has established data standards and is applying these standards to data that it collects. These standards will need to be rigorously applied as some data that is currently released is incomplete or inaccurate. Much of this was collected prior to NOPTA's establishment but it is an unnecessary impediment to industry.

Physical samples are held by the National Offshore Petroleum and Data Core Repository (NOPDCR), which is a NOPTA-led initiative with Geoscience Australia and Western Australia's Department of Mines and Petroleum. NOPDCR is considered an effective system for managing physical samples by industry and jurisdictions, and is well regarded.

As a regulator, NOPTA undertakes a range of compliance, monitoring and enforcement activities. On a day-to-day basis, the Review found that NOPTA is able to effectively undertake these activities. There are, however, a number of improvements that can be made to improve NOPTA's performance in these areas. The comprehensive monitoring of the development and production phases of offshore petroleum activity can be strengthened. This will require an increase in NOPTA's capability and capacity to undertake this task, primarily through additional personnel with geotechnical expertise. Additionally, the Review believes that through NOPTA's monitoring and compliance activities it can assist policy development by government through analysing and supplying information on trends and future changes in the industry.

NOPTA's establishment followed the Productivity Commission's review of regulatory burden in the upstream petroleum sector. The Government's response to the Productivity Commission's report specified a number of actions to address the report's recommendations. NOPTA's creation and successful operation meets a range of these requirements, including the separation of policy and regulatory administration, implementation of a cost recovery model, adoption of objective-based regulation, and an electronic approvals tracking system. The Review believes that NOPTA's establishment meets the objectives of the Australian Government's response to the Productive Commission's report to a large extent.

The Review's examination of the operating arrangements for the provision of advice looked at the Joint Authority model and whether it supports NOPTA's provision of good advice. The Review found that not all stakeholders believed it was an effective model. Notably, the Review found that while NOPTA adhered to the timeframes set for the provision of advice, Joint Authorities had no publicly

available timeframes set to determine decisions and the process was opaque to industry. It has led to uncertainty and additional costs to industry. The Review identified the need for binding timeframes for the determination of decisions and the extension of approval tracking to include these timeframes in order to remove this uncertainty and burden.

The Review identified a number of opportunities to reduce regulatory burden without compromising the integrity of Australia's offshore petroleum management system or the quality of NOPTA's role. The Review notes that the next major reform for this area is a single national titles regulator for all waters beyond the low tide mark. Progressing this reform will require careful consideration of the benefits and disadvantages, and comprehensive consultation with the states and territory. The Review does not underestimate the complexity of such a reform but believes it will reduce regulatory burden and enhance Australia's offshore petroleum industry, and is therefore worthy of consideration. The recommendations made in the report are below:

Recommendation 1. That timeframes for the consideration of, and decision making for, all titles related matters by Joint Authorities is agreed with jurisdictions and implemented.

Recommendation 2. The adherence of the Titles Administrator and Joint Authorities against the agreed timeframes are reported as part of NOPTA's annual report.

Recommendation 3. That the feasibility of delegating simple decisions to the Titles Administrator is investigated.

Recommendation 4. That NOPTA, in conjunction with stakeholders, develop and implement short and long term plans to enhance the NEATS system to improve the efficiency and access to titles information.

Recommendation 5. That NEATS functionality is extended to include more information on the progress of applications through the Joint Authority process.

Recommendation 6. That depending on the outcomes of the Department of Industry and Science's report on the Management of Offshore Resources, the Minister consider an enhancement to NOPTA's capability and capacity to enable it to more effectively contribute to the management of Australia's offshore resources.

Recommendation 7. That NOPTA develop and implement plans to facilitate Recommendations 3 and 6 (if accepted).

Recommendation 8. That NOPTA prepare and issue its own annual report.

Recommendation 9. NOPTA and NOPSEMA should establish an instrument (such as a Memorandum of Understanding or Charter of Engagement) to clarify the interaction between the agencies.

Recommendation 10. That NOPTA investigate the implications of a growth in applications for greenhouse gas storage titles. This should be undertaken in conjunction with the Department of Industry and Science, and NOPSEMA.

Recommendation 11. That NOPTA provide its insights on the offshore petroleum and greenhouse gas storage industries to jurisdictions to assist with policy development.

Recommendation 12. That the Commonwealth Minister considers the conduct of a feasibility study for the creation of a single offshore titles administrative framework for both Commonwealth waters and State/Northern Territory waters through the conferral of powers under State and Northern Territory legislation.

INTRODUCTION

Background

1. The Department of Industry and Science (the Department) engaged Noetic Solutions Pty Limited (Noetic) to conduct an operational review of the National Offshore Petroleum Titles Administrator (NOPTA). This review is mandated under section 695P of the *Offshore Petroleum and Greenhouse Gas Storage Act, 2006* (OPGGG Act).
2. To gather the information necessary to complete the review, Noetic consulted widely with stakeholders in the upstream petroleum industry, the greenhouse gas storage industry, the Commonwealth Government, a range of State/Territory Governments, and NOPTA itself. Information gathering included a review of NOPTA operational documents, Commonwealth Government documents pertaining to NOPTA's establishment and operations, State/Territory Government documents, industry documents, and internal documents. Stakeholder's views were also gathered through an online survey.
3. This report makes a number of findings and recommendations in relation to the Terms of Reference (at Annex A).

Aim

4. The aim of this report is to present the findings of Noetic's operational review of NOPTA.

Scope

5. The scope of this report is to assess the performance of NOPTA against its legislated functions as set out in the Terms of Reference. The Terms of Reference provides a basis to assess the effectiveness of NOPTA in carrying out its functions, including titles administration, provision of advice for decision making by responsible Commonwealth and State Ministers and their delegates, data access and management, compliance and monitoring, stakeholder engagement and cooperation with NOPSEMA and other State and Territory regulatory bodies.
6. The Report will also consider the extent in which the establishment of NOPTA has met the objectives of the Government's response to the Productivity Commission's *Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*.

Legislation

7. The primary legislation that governs offshore petroleum and greenhouse storage is the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*. Offshore petroleum and greenhouse gas storage regulatory functions are specified in four supporting regulations. These regulations include:
 - a. *Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations, 2009*
 - b. *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations, 2011*
 - c. *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations, 2009*
 - d. *Offshore Petroleum and Greenhouse Gas Storage (Safety Levies) Regulations, 2004*.
8. Section 695P of the OPGGS Act prescribes that a review into the activities and functions of NOPTA is conducted three years after the commencement of the legislated functions. This is the first ministerial review of NOPTA since its establishment on 1 January 2012, and fulfils the requirement of Section 695P.
9. The review is completed upon delivery of this report to the responsible Commonwealth Minister, who is The Hon Ian Macfarlane MP, Commonwealth Minister for Industry and Science.

Structure of the Report

10. To ensure that all elements within the Terms of Reference are addressed, this report is structured to cover the following topics:
 - a. *Review Methodology*
 - b. *Review Context*
 - c. *Findings of the Review*.

REVIEW METHODOLOGY

11. This section provides an overview of Noetic's review methodology which describes how the review was conducted. Noetic's approach to the review involved close engagement with the Department to establish the review strategy, before independently conducting the review. Specifically, this section outlines the:

- a. *Overarching review principles*

- b. *Review methods, including:*

1. Data collection methods
2. Stakeholder engagement methods.

Overarching Review Principles

12. Throughout the review process, Noetic adhered to the following overarching principles:
 - a. **Oversight.** *Noetic has consulted with the Department to ensure robust governance is applied throughout the review, including guidance and authorisation of activities. The Department was regularly informed of the review's progress and at times was asked to assist in resolving issues that arose during the review process.*
 - b. **Confidentiality.** *Noetic recognised the importance of maintaining confidentiality throughout the review process. All participants in the consultation process were made aware that their responses will be treated as confidential and that all information detailed in the final report will be listed as anonymous contributions.*
 - c. **Bias minimisation and assumptions.** *All efforts were made to minimise bias during consultation with stakeholders. Leading questions were avoided and Noetic consulted with a diverse stakeholder group to ensure the highest quality of response.*
 - d. **Appropriate sample size.** *Noetic identified and maximised sample sizes from the available population to enhance the robustness of the research. Noetic used a balance of quantitative and qualitative research methods to verify anecdotal evidence, and investigate trends for causal issues.*
 - e. **Appropriate stakeholder selection for issues.** *Noetic selected appropriate stakeholders to discuss relevant elements in the Terms of Reference.*

Review Methods

Data Collection Methods

13. Noetic sought to use quantitative and qualitative data in the conduct of the review. Noetic placed an emphasis on collecting both types to ensure that findings were both legitimate and well-supported.

Qualitative Data

14. The review team sourced its qualitative data primarily from a program of direct stakeholder consultation. Prior to undertaking the Review, Noetic produced a Stakeholder Engagement Strategy that outlined the stages of stakeholder engagement with the five broad stakeholder groups:
 - a. *NOPTA personnel*
 - b. *The Commonwealth Government, including government agencies (such as the Department of Industry and Science, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), and Geoscience Australia)*
 - c. *State and Territory Offshore Petroleum Regulatory bodies and Joint Authority delegates*
 - d. *Peak bodies, such as the Australian Petroleum Production and Exploration Association (APPEA)*
 - e. *Private companies that engage with NOPTA on titles-related matters*
 - f. *Greenhouse gas storage stakeholders.*

Quantitative Data

15. Noetic collected quantitative data that provided both depth and breadth to the qualitative findings. Noetic collected quantitative data through a range of sources. This included:
 - a. **Online surveys.** *Noetic conducted two surveys for this review, one for public-sector stakeholders and another for private-sector stakeholders. These surveys collected information related to the Terms of Reference² as well as provided an opportunity for stakeholders to comment on other issues that were not immediately apparent.*

² For example, a question in the survey for private-sector stakeholders asked participants to what extent they agreed with the statement “The establishment of NOPTA has led to the streamlining of title applications” and was intended to collect information that could assist the review team in evaluating the second point in the Terms of Reference.

- b. **Telephone interviews.** Noetic engaged with private sector stakeholders through a series of short telephone interviews. These interviews collected high-level information related to the Terms of Reference through set questions. They also provided an opportunity to explore comments or concerns a stakeholder may have, and flag these for future discussion or follow-up.*
- c. **Document review.** Noetic reviewed a range of relevant documents to find evidence to support findings or recommendations. These documents include statistics (such as metrics around granting, suspending or renewing titles), policies, workflows (to see how the functions of NOPTA are carried out), and standard operating procedures.*
- d. **Complementary Data Sources.** Noetic also reviewed data from a separate stakeholder survey completed by KPMG. This survey was conducted for NOPTA to assess stakeholders' views on engagement and interaction with upstream petroleum and greenhouse gas storage stakeholders.*

Stakeholder Engagement Strategy

- 16. Noetic identified stakeholder interviews as the most powerful tool for collecting qualitative data. Consequently, the Noetic Team ensured that all stakeholder interviews:
 - a. Had prior engagement to brief interviewees on the aims of the review and their part in it*
 - b. Were long enough to ensure that all relevant subject matter is covered*
 - c. Were sequenced to enable a debrief between each interview*
 - d. Were constrained to relevant issues to ensure the interview stayed focused*
 - e. Included a follow up contact with interviewees to confirm what was discussed and provide an opportunity for further comment*
 - f. Were designed to leverage information and explore themes raised in previous interviews in a manner that ensured confidentiality.*

Participatory Research

- 17. The Noetic Team adopted a Participatory Action Research (PAR) approach to stakeholder engagement throughout the conduct of the review. This approach focused on building rapport with stakeholders and avoiding a situation where interviewees might feel that the review team was imposing. This approach is utilised to develop a relationship between review team and participants, allowing for the stakeholder to feel as though they have 'buy-in' to the review process.

18. Practically, PAR is a collaborative approach to research which focuses on enabling key stakeholders to identify problems that they see as important. It allows for research to be undertaken alongside participants rather than conducting research about them.

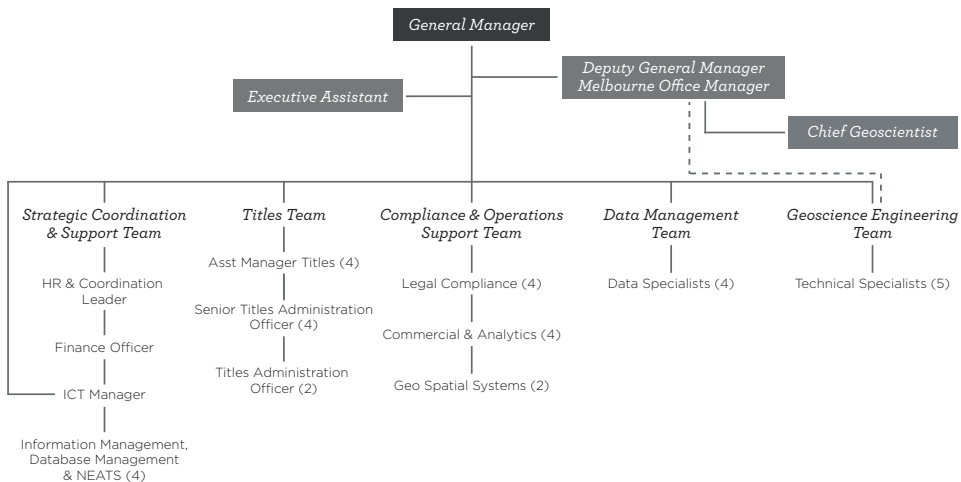
REVIEW CONTEXT

19. As this is the first review of NOPTA since it was established, it must consider a range of factors surrounding the circumstances of the Government's decision to establish NOPTA. These include consideration of NOPTA's placement (within the Department) and structure, the Productivity Commission report and Montara Commission of Inquiry, the broader offshore petroleum sector, and the legislative requirements/functions of NOPTA.

NOPTA's Placement and Structure

20. NOPTA operates within the Department of Industry and Science, and forms a Branch within the Resources Division. The Titles Administrator is a statutory position (see below), however the organisation is not a statutory agency. NOPTA's structure (see Figure 1) includes the Titles Administrator, who also assumes the title and functions of General Manager, the Deputy General Manager (who often assumes the Acting Titles Administrator position when the Titles Administrator is absent), and the Chief Geoscientist. There are five teams within the organisation, covering the range of functions NOPTA undertakes.

Figure 1: NOPTA Organisational Structure³



³ Adapted from NOPTA, 2015. *About NOPTA*. Available at <http://nopta.gov.au/about/index.html>

21. The Strategic Coordination & Support Team functions include:⁴
 - a. *Financial management functions.*
 - b. *Coordination and liaison between the Department and NOPTA.*
 - c. *Management of operational functions including property and human resources.*
22. The Titles Team functions include:
 - a. *Maintaining the publicly available titles register, the National Electronic Approvals Tracking System (NEATS).*
 - b. *Providing information and data to other teams within NOPTA to assist providing advice to the Joint Authority and the Titles Administrator.*
 - c. *Implementing and administering title decisions made by the Joint Authority.*
23. The Compliance & Support Operations Team functions include:
 - a. *Monitoring titleholders' compliance regimes and identifying and communicating instances of non-compliance.*
 - b. *Providing guidance and assistance to titleholders to assist them in fulfilling their obligations.*
24. The Information and Communication Technology Team functions include:
 - a. *Facilitating the development and maintenance of NOPTA's information business management tools such as NEATS.*
25. The Data Management Team functions include:
 - a. *Maintaining the organisation's data management capabilities.*
 - b. *Evaluating and monitoring compliance of organisation's data samples as required by legislation.*
 - c. *Coordinating data management with support from organisations such as Geoscience Australia.*

⁴ Adapted from NOPTA, 2013. *Cost Recovery Impact Statement*- National Offshore Petroleum Titles Administrator, p3-6

26. The Geoscience Engineering Team functions include:
- a. Providing geotechnical information and support for the assessment of title applications, assessment of field development plans and other support as required.*
 - b. Providing geotechnical information and support on the assessment of acreage release bids.*
 - c. Providing technical information on the status of Australia's offshore oil and gas resources. .*
 - d. Providing assistance in monitoring the geophysical activities of companies and assessing the quality of the data.*
 - e. Providing an assessment on the resource rate of recoveries.*
27. These teams are headed by a team Manager, with the Strategic Coordination & Support Team also containing an ICT Manager in addition to their team Manager. Team members within each team are further separated into sections. For example, the Compliance & Operations Support Team contains a Legal Compliance section (4 staff), Commercial & Analytics section (4 staff), and Geospatial Systems section (2 staff).
28. NOPTA maintains two office locations. The head office is in Perth (where it is located adjacent to the NOPSEMA head office), with a second office located in Melbourne.

Productivity Commission Report and Montara Commission of Inquiry and Government Response

29. There has been an increased emphasis on reducing the regulatory burden within the offshore petroleum and gas industry by the Commonwealth Government since the mid-2000s. The creation of the *Taskforce on Regulatory Burdens on Business* in 2005 resulted in a focus on reducing the compliance burden on business from government regulation. Successive Australian Governments advocated and implemented reform initiatives that address excess, inconsistent and duplicative regulation, with Australia's upstream petroleum and gas sector identified as an area to benefit from these reforms.
30. Australia's oil and gas reserves cross multiple jurisdictions, with fields crossing onshore, coastal water, and Commonwealth water boundaries. The reform process considered previous regulations to be unclear, inconsistent, conflicting and complex. This impacted Australia's attractiveness as an investment destination, with continued investment in the sector potentially impacted if the regulations remained unchanged.

31. In 2008, the Council of Australian Governments (COAG) identified Australia's upstream petroleum and gas sector as a focus area for reform. The Productivity Commission was tasked with reviewing Australia's framework for regulating upstream petroleum activities and to consider any opportunities to streamline regulatory approvals, provide clear timeframes to industry and remove duplication across multiple jurisdictions. Key focus areas included:
 - a. How multiple approvals and duplicate assessment requirements can be minimised.*
 - b. How administration by multiple agencies can be minimised.*
 - c. How inconsistencies in legislative requirements and decision making can be minimised.*
 - d. Ensuring regulators are adequately resourced with appropriately skilled people.*
 - e. Consolidating specialist expertise, efficiently using scarce resources and enhancing the ability to retain specialist expertise.*

32. In 2009 the Productivity Commission completed its review and made its recommendations to the Government. The recommendations relevant to NOPTA's operations are:
 - a. The establishment of a national offshore petroleum regulator.*
 - b. The separation of policy advice from regulatory administration.*
 - c. Statutory timeframes on regulatory deliberations with clear guidance to assist industry in ensuring efficient processing and determinations of regulatory matters.*
 - d. The implementation of a cost recovery model used to fund the administrative functions of the new national offshore petroleum regulator. This model would also be associated with the removal of the registration fees for transfers and dealings.*
 - e. Movement from prescriptive regulation to objective based regulation.*
 - f. The introduction of an electronic approvals tracking system.*

33. While the Commonwealth Government's response to the Productivity Commission recommendations was being developed (see below), the then-Minister for Resources and Energy announced the government's intention to establish a national regulator for offshore petroleum, minerals and greenhouse gas storage activities on 5 August 2009. Three weeks after this announcement, on 21 August 2009, an uncontrolled hydrocarbon release occurred at the Montara oil field, 690km west of Darwin. The nature of this incident, and a similar incident in the Gulf of Mexico in April 2010, increased scrutiny on Australia's regulatory functions within the sector. The Montara Commission of Inquiry was established to report on the causes of the incident and what steps could be taken by the government and the industry to prevent similar incidents in the future.

34. The findings of the Montara Commission of Inquiry further stressed the need for a single, independent regulatory body for upstream petroleum exploration and production. This enquiry advocated for an independent regulator that would not only separate policy from regulation but be in a position to support government departments through the provision of information to assist them in their policy needs.
35. The Australian Government's response to the Productivity Commission recommendations was published in May 2011. Among the responses, the government signalled a revised petroleum regulatory reform model in which a Joint Authority model would be retained for key decisions. NOPTA would be established in an advisory capacity to the Joint Authority on resources titles, and was prescribed to undertake functions such as keeping a register of titles and data collection. The statutory position of Titles Administrator was established on 1 January 2012 within the then Department of Resources, Energy and Tourism.

Australia's Offshore Petroleum Sector

36. Legislative oversight for Australia's offshore petroleum reserves varies according to location. Offshore reserves landward of a line three nautical miles seaward of the territorial sea baseline are the responsibility of State and Territory governments. This includes internal water areas such as bays and gulfs, for example—Spencer Gulf in South Australia.⁵ The OPGGS Act defines this area of State and Territory jurisdiction as 'designated coastal waters'.⁶ Offshore areas seaward of designated coastal waters (i.e. more than three nautical miles from the territorial sea baseline) but within the limits of Australia's continental shelf are a Commonwealth responsibility. The OPGGS Act defines this area of Commonwealth jurisdiction as the 'offshore area'.⁷
37. Offshore petroleum exploration and development in Australia operates on a titles system. Exploration and development activities can only occur if a company/joint venture holds a valid title. For a company/joint venture to be awarded an exploration title, a bid submission must be compiled with a work program providing detail on how the area is to be explored. Prospective titleholders must also demonstrate their financial and technical capabilities to undertake the work. Bids are assessed against publically available criteria.
38. In known or mature area exploration areas, competitive cash bidding is used to allocate exploration titles. The title is awarded to the higher cash bidder. Cash bidding was last used in Australia between 1985 and 1992. It is current government policy to use cash bidding as a way to efficiently allocate exploration titles, coming into effect from the 2014 Offshore Petroleum Exploration Acreage Release.

5 *Australia's Offshore Jurisdiction: Explanation of Terminology in Relation to Petroleum Exploration and Development*, p.1, <http://www.industry.gov.au/resource/Documents/upstream-petroleum/Australia+C3%A5+Offshore+Jurisdiction.pdf>

6 *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, ch 6, pt 6.9, s 644.

7 *Ibid*, ch 1, pt 1.2, ss 7 and 8.

39. Applications for other offshore petroleum titles are assessed against clear legislative criteria. When a titleholder discovers petroleum within their exploration permit, they must give details of the discovery to NOPTA. Titleholders are then required to seek a declaration of location over those discoveries, in turn granting them an exclusive right to apply for a retention lease or production licence.
40. The Joint Authority is the decision maker for the award of petroleum titles in Australia's offshore areas and is supported in their deliberations and decision making by technical support and advice from NOPTA. NOPTA acts as the communications conduit between industry and the Joint Authority.

Legislative Requirements

41. NOPTA's functions are prescribed in Commonwealth legislation. The primary legislation that governs the operation of NOPTA is the OPGGS Act. Regulatory powers are mainly described in further detail in the *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations, 2011*.
42. The position of Titles Administrator is a statutory position within the Resources Division of the Department of Industry and Science. NOPTA is not an independent agency.
43. The legislation that outlines the relationship between Joint Authorities and NOPTA (OPGGS Act ch 1, pt 1.3) includes:
 - a. *Keeping a written record of Joint Authority decisions (s 61)*
 - b. *Signing documents on behalf of a Joint Authority (s 62)*
 - c. *Communications to or by a Joint Authority (s 63)*
 - d. *Executing or issuing an instrument, giving a notice, or communicating a matter (s 65).*
44. NOPTA has three key responsibilities as prescribed by governing legislation.⁸ These three responsibilities are:
 - a. *Assisting and advising the Joint Authority and the responsible Commonwealth Minister*
 - b. *Keeping a register of titles*
 - c. *Management of data and information.*

⁸ *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, ch 1, pt 1.1, s 4.

45. NOPTA is resourced through a cost-recovery model. It has the power to impose fees and levies to recover costs and operating expenses. The authority to impose these levies is contained in Part 4C of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act, 2003*. NOPTA's *Cost Recovery Impact Statement (CRIS)* outlines NOPTA's cost recovery model.

Joint Authority

46. A Joint Authority for an offshore area of a state or territory is constituted by the responsible Commonwealth Minister and the responsible State / Northern Territory Minister. The responsible Commonwealth Minister is also the Joint Authority for the offshore area of Tasmania, Eastern Greater Sunrise offshore area, and external Territories. Joint Authority members can delegate any or all of their functions to officials within their respective Departments.
47. The Joint Authority has the legislative power to make decisions on petroleum and greenhouse gas storage titles as prescribed under the OPGGS Act. These decisions include matters such as: the release of offshore petroleum exploration areas, assessment of bids from industry for these areas, granting (or refusal) of and renewal of petroleum titles, the imposition of title conditions and cancellation of titles.
48. One of NOPTA's functions under the OPGGS Act is to "provide information, assessments, analysis, reports, advice and recommendations" to the responsible Commonwealth Minister and responsible State / Territory Minister to support their function as a member of a Joint Authority.⁹ NOPTA liaises with industry to provide information and support to the Joint Authority to assist in the decision-making process.
49. The current responsible Commonwealth Minister is the Hon Ian Macfarlane MP, Minister for Industry and Science.

⁹ *Offshore Petroleum and Greenhouse Gas Storage Act 2006*, ch 6, pt 6.10, s 695B.

FINDINGS OF THE REVIEW

NOPTA's Advice to Joint Authorities

50. The Joint Authority provides the opportunity for the Commonwealth and the relevant state or territory to collaboratively review titles applications and requests. The Joint Authority uses the advice provided by NOPTA on an application as part of its decision making process. Should the Joint Authority be unable to reach an agreement on the decision, the view of the Responsible Commonwealth Minister prevails.¹⁰ The Commonwealth Minister may then decide the matter, which has effect as the Joint Authority's decision.
51. The very limited amount of dissent on NOPTA's advice to the Joint Authority is indicative of the overall quality of advice provided. Jurisdictions mostly agreed that the quality of advice to the Joint Authority was appropriate and of a high standard. A few instances where this was not the case were quoted to the Review. NOPTA readily engaged with state and territory staff in these circumstances. That there was some disagreement is not unexpected given the quantity of applications handled, the complexity of some applications and the different approaches taken across different jurisdictions. NOPTA has developed the necessary capability and internal operating capacity to generate this advice. The nature of this internal capability is discussed later in the report and a range of enhancements to this capability are recommended. While there is some scope for improvement, overall NOPTA is providing quality advice to Joint Authorities that is contributing to the efficiency of decision making.

NOPTA provides quality advice that contributes to the efficiency of the decision making by a Joint Authority for a State or the Northern Territory.

Joint Authority Decision Making

52. The process by which advice is developed by NOPTA for the Joint Authority is well regarded by industry. It is seen as transparent, consultative and generally predictable. Industry is able to track the progress of applications as they are reviewed by NOPTA and timeframes are almost always met. Industry's near universal concern with advice provided to the Joint Authority is the difficulty in tracking progress once NOPTA has submitted its advice. For industry there is no certainty around timeframes on decision making and that even simple applications can take a significant amount of time. For some companies, this can create concerns when approvals are required to meet deadlines or where assets were laying idle awaiting decisions. The Joint Authority process's lack of transparency was described by one stakeholder as akin to a 'black-box'. This was due in part to some Joint Authority delegates undertaking a comprehensive review of the advice provided by NOPTA, resulting in delays to application decisions. In some cases this includes detailed technical reviews of the advice. While this might be deemed appropriate in ensuring high quality advice to delegates, it can also be seen as a duplication of effort. In most cases jurisdictions reported that the quality of NOPTA's advice was sound and differences were usually related to minor issues of interpretation.

¹⁰ *Ibid*, ch 1, pt 1.3, s 59.

53. The time taken for State and Territory Joint Authority delegates to complete the reviews varies. It is understood that this is caused by a variety of factors including the complexity of advice, the number of applications to be reviewed and the existing work load of the agency reviewing the advice. In the latter case, it is reasonable that the processing of a jurisdiction's own application take priority over the review of advice for the Joint Authority. In fewer cases, it was because of the need to carefully consider jurisdictional issues in relation to the application – an important function of the Joint Authority. However, these factors all add to the delay in the consideration of advice by the Joint Authority. It is the Review's opinion that this adds unnecessary regulatory burden to industry. Consequently, it would appear reasonable that binding timeframes are established for the consideration of NOPTA's advice by the Joint Authority and that the adherence to these timeframes is reported upon. These timeframes should be developed in conjunction with all stakeholders. The benefits of this for industry are that it would provide certainty on the decision making cycle and for jurisdictions it would provide benchmarks for scheduling the consideration of advice.
54. The Review believes that there is opportunity to reduce the time taken to consider and approve simple applications. Currently, apart from two minor categories, all applications under the OPGGS Act require NOPTA to provide advice to the Joint Authority for the Joint Authority to make the decision. In the majority of cases this is appropriate and as noted, is generally effectively. However, for relatively straight forward decisions (such as declaration of location) this appears unnecessary. For decisions of a minor nature that are essentially administrative or do not touch upon resource management issues, there is a case to be made that they are considered by NOPTA and the Administrator makes the determination. The number considered suitable is few. Even with a small number, this would require NOPTA to have sufficient capability and capacity to ensure that the agency has the ability to manage such a change. Consequently, in order to improve the efficiency of the titles administration process there is scope to identify approval processes that could be delegated to the Titles Administrator for decision. This could be investigated by the Department of Industry and Science. Should this be implemented it would require the enhancement of NOPTA's capability and capacity (this is discussed in the section NOPTA's Internal Operation below).

Recommendation 1. That timeframes for the consideration of, and decision making for, all titles related matters by Joint Authorities is agreed with jurisdictions and implemented.

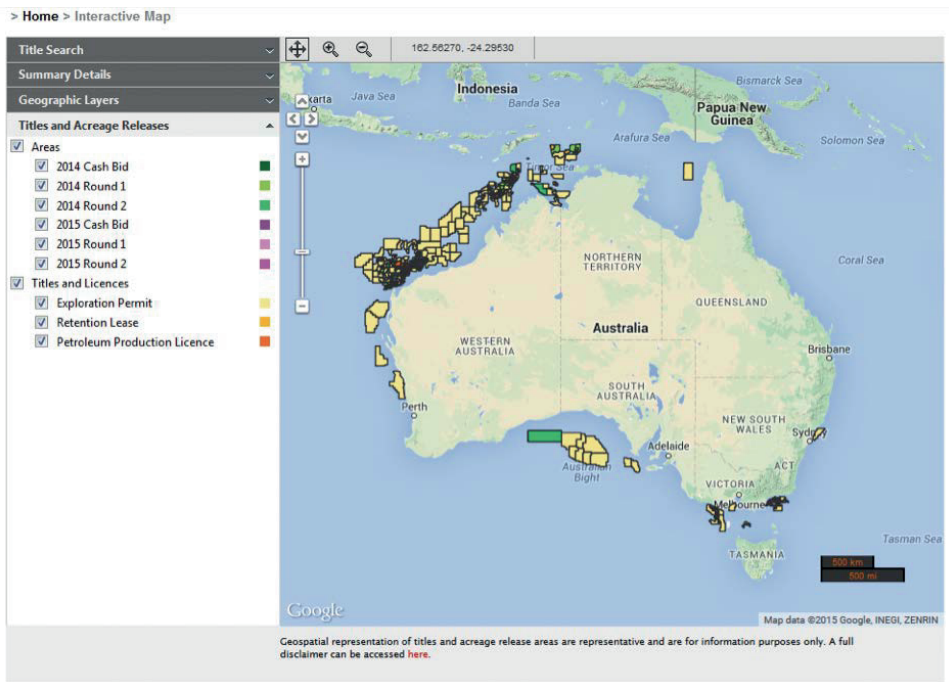
Recommendation 2. The adherence of the Titles Administrator and Joint Authorities against the agreed timeframes are reported as part of NOPTA's annual report.

Recommendation 3. That the feasibility of delegating simple decisions to the Titles Administrator is investigated.

Titles Information

55. The provision of titles information, including title interests and endorsements, to stakeholders is a core function of NOPTA. An effective information system allows stakeholders to transparently view the operation of titles administration. The benefit of this is that it engenders confidence in the fairness of the titles system and strengthens Australia's competitiveness as a destination for investment in the offshore petroleum industry. Stakeholders highlighted that when compared to many other countries, the transparent nature of Australia's titles system was a competitive advantage.
56. NOPTA's primary tool for providing information on titles administration is through the National Electronic Approvals Tracking System (NEATS). The tool uses a portal that allows users to access information on extant titles, the location of the title (this includes the use of an interactive map, see Figure 2), and the progress of titles applications, among other features. Stakeholders provided universally positive feedback on NEATS. Most praised its useability, the accuracy of information and the transparency it provides on the operation of titles in Australia.
57. While NEATS is an effective system, there is opportunity to enhance its useability and functions. Stakeholders identified the requirement for the online submission of applications as a key enhancement. NOPTA has identified the need for this and is working towards implementing such an improvement.
58. Additional short-term suggestions for the improvement of NEATS include the ability to produce activity reports for individual jurisdictions and increased scope to filter information during searches. NOPTA has also recognised a number of minor upgrades to the functionality of NEATS and is seeking to put these into operation.
59. A more significant improvement will aim to address the inability to track applications in NEATS from submission through to Joint Authority decision. Currently, title applications cannot be tracked in NEATS after NOPTA has completed its advice until the Joint Authority has made a determination. Should Recommendation 1 be accepted (agreed timeframes for Joint Authority consideration of advice), there is benefit in extending the tracking of titles applications through the full lifecycle of the process.

Figure 2: NEATS Interactive Map



60. In addition to the improvements noted above, a major opportunity for enhancing the functionality of NEATS is to adopt a 'workflow' model. This means providing the functionality to support the end-to-end process for applications and advice in one online portal. The entire process could be automated, resulting in the ability to track an application's status within the process. Such a system would allow for a reduction in the reliance on manual processes of both NOPTA and the Joint Authority delegates, and a reduction in the burden placed on industry for both submission and tracking applications. Development of this is not a simple undertaking but it will improve efficiency.

61. If NEATS moved towards this workflow model, there is scope to expand the system to include other regulatory functions that encompass end-to-end oversight of a title (i.e. covering application, exploration, retention and production phases). This presents an opportunity to include NOPSEMA's compliance and monitoring functions, and reporting in NEATS. The benefits of integrating NOPTA and NOPSEMA data from exploration through to production and eventual surrender, includes greater transparency of information, enhanced reporting and oversight functions, and potentially reduced regulatory burden for industry. This improvement represents a long term development opportunity for NOPTA and NOPSEMA.

62. Given the importance of the NEATS system to both the day-to-day administration and the overall confidence of Australia's titles system, NOPTA should (in conjunction with stakeholders including jurisdictions, industry and NOPSEMA) continue to enhance NEATS over both the short- and long-term.

The transparency of titles information and data is seen as a national competitive advantage for Australia in attracting investment into the offshore oil and gas industry.

63. A key feature of NEATS is the access it provides to the Titles Register. The Titles Administrator is required to keep a register of titles and petroleum special prospecting authorities in each offshore area, as outlined in Part 4.2 of the OPGGS Act. The register must contain information pertaining to the title as set out in the legislation, as well as notices or instruments in relation to the title. This information is available to view through NEATS, with title notices and instruments available in PDF format.

NOPTA maintains a Titles Register that complies with the legislation as set out in the OPGGS Act, with public access to the Register available through NEATS.

64. In addition to NEATS, NOPTA provides Geographic Information System (GIS) services. This includes providing GIS information to government agencies and to industry. The NOPTA website includes both title and well GIS information available to download, and is updated regularly. Government agencies noted that the GIS data was accurate and they used it as part of their business, but often supplemented it with other GIS services (such as subscription services). States and Territory Joint Authority delegates are satisfied with the GIS service. The feedback on GIS services from industry was generally good, although most use third party providers for most of a company's GIS needs.

GIS services provided by NOPTA are used by a variety of stakeholders, and considered to be appropriate and accurate.

Recommendation 4. That NOPTA, in conjunction with stakeholders, develop and implement short and long term plans to enhance the NEATS system to improve the efficiency and access to titles information.

Recommendation 5. That NEATS functionality is extended to include more information on the progress of applications through the Joint Authority process.

Compliance

65. A key function of any regulatory agency is to undertake compliance action to ensure that Titleholders are adhering to the requirements set out in legislation and regulation. This includes monitoring conditions that can be placed on Titleholders' licenses. NOPTA is responsible for ensuring compliance on titles related activities in Commonwealth waters. Most of NOPTA's compliance activity is undertaken by the Compliance and Operations Support Team.
66. NOPTA's compliance activities are aided by high levels of compliance reporting by the offshore petroleum industry. It is arguable that maintaining security of tenure on titles is the driver behind this behaviour, and since its inception NOPTA has not used its powers to prosecute. NOPTA's compliance approach and processes appear to have evolved as the agency has gained experience and learnt from mistakes. NOPTA has a compliance work program that guides its effort for compliance action. The Review spoke with stakeholders about compliance monitoring and most agreed that it was appropriate and effective, although a number of companies noted that it lacked flexibility (this is discussed below). The Review confirmed that NOPTA gathers and checks evidence as part of its compliance activities. NOPTA's compliance activity is generally thorough and appropriate noting that it relies primarily on self-reporting.
67. NOPTA has identified a number of improvements to assist with its compliance activities. These primarily related to enhancing information management on compliance within the agency. A number of projects are either in progress or planned to improve information management (in particular through the use of a SharePoint system) in order to enhance internal situational awareness of compliance related issues. This is likely to lead to better compliance outcomes and will incorporate lessons learnt.
68. As noted above, some stakeholders highlighted that NOPTA showed little flexibility in undertaking compliance activities. For instance, in reviewing compliance against title work programs some companies believed that NOPTA applied an overly strict approach to compliance. This was particularly the case where companies believed that they had complied (or intended to comply) with the intent of the work program but through changes in circumstances¹¹ were considering an alternative approach. Industry believes that while helpful in working with them, NOPTA applied a rigid approach to compliance.
69. The Review understands that the majority of industry aims to comply with the requirements of the agreements made and that changes sought are reasonable and defensible on a number of grounds. For NOPTA there are the challenges of the legislation limiting the flexibility of the advice provided to a Joint Authority and in doing so, maintaining the integrity of the titles system. This is particularly the case where there is competition for a title. However, there are provisions for companies to manage titles through mechanisms such as Good Standing Arrangements if suitable. While the Review notes the concerns of industry around this aspect of compliance, the Review believes that the nature of the titles regime and the mechanisms it contains means that NOPTA is regulating appropriately and that changes to this approach would potentially impact upon the integrity of the regime.

NOPTA's day-to-day compliance activities are appropriate and its internal improvement plans will assist in enhancing its capability.

¹¹ This does not refer to circumstances where force majeure is invoked.

Resource Management

70. NOPTA is required under Part 6.10 of the OPGGS Act to provide assistance to Joint Authorities to help optimise the management of Australia's petroleum resources. This Review is aware that the Department of Industry and Science is undertaking a separate review of Offshore Oil and Gas Resource Management. Notwithstanding the Department's review, Noetic will comment on NOPTA's role in resource management. NOPTA undertakes this function primarily through the Geoscience Engineering Team.
71. Managing offshore oil and gas resources is a technical and complex task. It requires personnel with the necessary qualifications, experience and knowledge to undertake the required review and ongoing oversight of the development and production phases. These personnel are required to review development plans and the ongoing implementation of these plans to ensure that the exploitation of the resource is in the national interest. Noting the size of Australia's offshore petroleum industry this is not an insignificant task, particularly for a small organisation such as NOPTA.
72. NOPTA currently has approximately seven personnel that have the skills to contribute to this function. This appears to be sufficient capacity for the day to day administration of titles in terms of processing exploration applications and the limited oversight of development and production. There is not, however, sufficient personnel to undertake the task of resource management in a comprehensive manner. Consequently, the Review believes that this important function is not currently undertaken to the extent that it should, primarily through a lack of capacity and supporting capability.
73. Ensuring that NOPTA can undertake the function of resource management in the most effective way will require the growth of its capacity and enhancement to its organisational capability. This means an increase to NOPTA's capacity, that is, the number of personnel with the requisite skills and experience. The Review notes that such personnel are in high demand with industry. Attracting and retaining them will entail thorough planning. In addition to the requirement to increase NOPTA's capacity, there will be a need to enhance NOPTA's capability in terms of ensuring it has the processes, information technology (such as new information systems and integration into existing systems), data management and organisational systems to support the function. The development and implementation of this expanded capability and additional capacity will require careful planning. As part of the planning process, liaison with the Department of Industry, Geoscience Australia, industry and other stakeholders will need undertaking.

Recommendation 6. That depending on the outcomes of the Department of Industry and Science's report on the Management of Offshore Resources, the Minister consider an enhancement to NOPTA's capability and capacity to enable it to more effectively contribute to the management of Australia's offshore resources.

Internal Operations

74. NOPTA has approximately 44 staff in two offices. The structure of the organisation is explained in the Background section of this report. The Review team examined NOPTA's operations, procedures, documents, outputs and held discussions with key staff. Much has been achieved since NOPTA commenced operations in January 2012, particularly given the short timeframe from the decision to establish NOPTA to the commencement of operations. Notably, stakeholders mostly described the start of NOPTA's operations as being 'seamless'. This reflects well on the staff at NOPTA in what must have been a challenging time.
75. The current level of work that NOPTA is undertaking keeps staff fully engaged, processing applications and developing advice. Based on the Review's observations the level of staffing is adequate for the current workload (except for resource management which is discussed above), although this should continue to be monitored. The Review believes that a key element of the agency's performance is a culture of continuous improvement. Each section of NOPTA has plans to enhance its operation and service, and is open to new ideas for improvement. This is commendable. However, there is a perception that NOPTA's advice is not always consistent. This was from a range of stakeholders and while it was not identified as a major issue by any, it should be a focus of NOPTA's continuous improvement efforts.
76. NOPTA receives support from the Department of Industry and Science for a range of its corporate activities (such as Information Communications Technology and Human Resources). NOPTA does have a number of personnel who provide internal support to the agency. Based on the Review Team's experience in shared services arrangements, the level of this internal support is appropriate, particularly given that NOPTA's offices are not based in Canberra. This means that quality corporate services are provided to NOPTA's staff with a minimum overhead.
77. If accepted, Recommendation 3 of this report will require the strengthening of NOPTA's internal capability and capacity.¹² This will include the ability to undertake internal checks and quality assurance to ensure the integrity of the decision-making process. This will require the development and implementation of a plan for this enhancement prior to changes being introduced. Similarly if Recommendation 6 is accepted, it will require the growth of NOPTA's capacity and strengthening of its capability to undertake resource management. This too will require a structured approach to planning and implementation.

Recommendation 7. That NOPTA develop and implement plans to facilitate Recommendations 3 and 6 (if accepted).

¹² When this Report refers to capacity and capability, capacity refers to the amount of personnel, equipment, etc... to undertake functions and capability refers to the needed expertise, experience, tools, etc... in the organisation to undertake the function.

Cost Recovery

78. NOPTA operates on the basis of a cost recovery agency. Its administrative expenses for Financial Year 2013/14 was \$10.06 million.¹³
79. During the consultation phase, stakeholders were asked about the level of fees charged by NOPTA and if this represented value for money. No concerns were expressed by any stakeholders about the level of fees. All agreed that their organisations received value for money for the fees and the level of service. This reflects well on the efficiency of NOPTA.
80. As noted in the previous section, NOPTA receives a range of corporate support services from the Department of Industry and Science. This arrangement is supported by the Review as it provides a cost effective way of delivering services to a modestly sized organisation like NOPTA. However, the Review Team was not clear that all costs are being fully recovered from NOPTA, with evidence being conflicting. The amounts are likely small, however, all costs should be recovered providing it is cost effective to do so. The Department should ensure that all costs are being fully recovered from NOPTA.

There may be costs that are not being recovered by the Department from NOPTA. Should this be the case and it is cost effective to do so, these costs should be recovered.

81. To confirm that the level of fees charged is appropriate and contributes to Australia's international competitiveness, a review of fees charged by other nations was undertaken. While it is difficult to undertake a direct comparison, Text Box 1 contains information on fee structures for Norway and the United Kingdom. During discussions with industry in the consultation phase, stakeholders anecdotally advised that NOPTA's fees are competitive when benchmarked against other countries in the Asia/Pacific region.

NOPTA provides an effective function at a reasonable cost to industry.

Text Box 1 – International Comparison of Offshore Petroleum Titles Fees

It is difficult to compare the regulatory processing fees of different jurisdictions across the world. Each separate jurisdiction takes a different approach for fees and charges, with some calculating based on perceived 'value' of a block, others on the effort required to process an application, and others by calculating a mix of factors. For the purposes of this comparison, fees between Norway, the United Kingdom, and Australia are considered. An in-depth break down of fee/levy methodology is outlined in Annex D.

In order to compare fees and charges between jurisdictions, a scenario has been considered based on an existing title. This scenario comes from the United Kingdom and is based on seaward license P2077.¹⁴ The size of the area is approximately 26km². The license comes with work conditions that need to be performed in the initial term of four years.

To compare prices in multiple jurisdictions, the same conditions as required by UK seaward license P2077 will be costed if they were to occur both in Australia and Norway. There is a requirement in the work conditions to perform a seismic study and to drill a well. In Norway there is a charge for performing a seismic study of 33,000NOK. In the United Kingdom there is a £647 charge to drill a well. For the case of comparison, these activities are assumed to be performed in Year 3.

¹³ NOPTA, 2015, *Corporate Plan - Finance Chart*, NOPTA.

¹⁴ Seaward Production License P2077- https://itportal.decc.gov.uk/web_files/recent_licences/licences/P2077.pdf

The approximate costs (converted to \$AUD, as noted in Annex D) in each jurisdiction to perform the activities as required by seaward license P2077 are:

Jurisdiction	Commencement Costs	Year 1	Year 2	Year 3	Year 4	Total
United Kingdom	\$7,792.21 β	\$7,792.21	\$7,792.21	\$9,084.92	\$15,584.42	\$48,045.97 β
Norway	\$10,762.12	\$10,762.12	\$10,762.12	\$16,225.97	\$10,762.12	\$59,274.45
Australia	\$8,783.00	\$9,781.00	\$9,781.00	\$9,781.00	\$9,781.00	\$47,907.00

β – There is no standard application fee for exploration licenses/permits in the United Kingdom. Applications fees are calculated using a formula as described above.

Placement within the Commonwealth Department of Industry and Science

82. The Background section of the report notes that NOPTA is a part of the Resources Division within the Department of Industry and Science. The General Manager of NOPTA, the Titles Administrator, is a statutory appointment under the OPGGS Act.
83. The issue of the status of NOPTA was raised during the consultation phase. It was posited that there would be benefit for the agency to be a standalone statutory agency. This is on the basis that it would ensure that NOPTA's advice is both impartial and seen to be impartial. An example of where this operates effectively in the offshore petroleum industry is NOPSEMA. Impartiality is essential in titles administration and for Australia operating a world class offshore petroleum industry that is attractive to investors. As nearly all decisions on titles matters are made by the Joint Authority, the Review believes that the required impartiality is provided through this mechanism. In addition, the Review could find no evidence that the advice provided by NOPTA was unduly influenced. Consequently, the Review notes that there might be some potential benefits in making NOPTA a statutory agency, although there is no compelling evidence that this should occur.

It is arguable that NOPTA's function might be best performed by a statutory agency outside of the Department of Industry and Science. However, the Review did not find any compelling evidence that this is the case.

84. The work undertaken by NOPTA is important to the offshore oil and gas and greenhouse gas storage industries. Currently, NOPTA's work is reported as part of the Department of Industry and Science's annual report. In Financial Year 2013/2014 NOPTA's operations were reported on one page. This does not appear to meet the intent to s 695N of the OPGGS Act. Noting its importance to the industry it works for, the Review does not believe the current approach is satisfactory. The Review notes that similar sized organisations undertaking similar functions report separately. For instance, the Supervising Scientist is a branch within the Commonwealth Department of the Environment. It is responsible for regulating aspects of the Ranger Uranium Mine in Kakadu National Park and providing independent advice to the department to which it belongs. The branch produces a standalone annual report, separate to that of the Department

of Environment. The need for NOPTA to develop a separate, comprehensive annual report is important given it is a cost recovery agency. As most of the necessary content is already collected, there is minimal additional cost to do so.

Recommendation 8. That NOPTA prepare and issue its own annual report.

Relationships with Stakeholders

Industry

85. The ability to work closely with industry while maintaining an independent and consistent outcome is the hallmark of an effective agency such as NOPTA.¹⁵ It was expressed to the Review team almost universally that NOPTA has established effective working relationships with the offshore petroleum and greenhouse gas storage Industries. NOPTA was praised for its willingness to engage with companies, the general guidance provided and its ability to offer suggestions for company consideration. In doing so, it appears that NOPTA's staff remained impartial and did not compromise the agency's independence. The willingness of NOPTA's staff to engage with stakeholders and the timeliness of responses was favourably noted by stakeholders.
86. The dual locations with offices in Perth and Melbourne benefits NOPTA's stakeholder relations. Stakeholders noted that staff from both locations are often drawn into discussions and that this was beneficial. Notably stakeholders with offices outside of both Perth and Melbourne found it easy to access staff and advice. The use of two offices contributes to NOPTA's effectiveness and should be maintained.

NOPTA has developed effective working relations with industry and this includes small companies, as well as large multi-national companies. The use of offices in two locations contributes to this effectiveness.

Commonwealth Government Agencies

87. As part of the management and regulation of the offshore petroleum and greenhouse gas storage industries, NOPTA works with a range of Commonwealth agencies. The key Commonwealth agencies that NOPTA works with are the Department of Industry and Science, Geoscience Australia and NOPSEMA. The relationships with the Department and Geoscience Australia are on the whole sound and productive. There is a need for NOPTA to continue to monitor the health of these relationships and to strengthen them wherever possible. In addition to these relationships, NOPTA has some dealing with the Australian Maritime Safety Authority (AMSA).

¹⁵ Noetic Solutions Pty Limited, 2011, *National Legislative Compliance Framework*. Available at <http://www.industry.gov.au/resource/Documents/upstream-petroleum/regulation-legislation/11072INLFCF-ReportF.pdf>

88. AMSA's dealings with the offshore petroleum industry primarily deal with maritime safety, and the prevention and response to pollution. NOPTA's responsibilities for titles administration has limited overlap with AMSA's responsibilities for maritime safety. There are however, some aspects of petroleum industry operations in shipping lanes where these responsibilities do intersect. The Review believes that there is scope for closer liaison between the agencies in this area of mutual interest.

NOPTA look to strengthen its liaison with AMSA on petroleum industry activity in shipping lanes.

89. The relationship with NOPSEMA is important as both agencies are pivotal to the effective oversight of Australia's offshore petroleum industry. Overall this relationship does not appear to have been effective as it could have been. There was little contact between the agencies and limited exchange of information or knowledge. Fortunately, this situation has recently improved and a range of initiatives are helping to strengthen the working relationship between the agencies. To help ensure the longevity of this, it is suggested that terms of the agencies' interactions (including roles, responsibilities, et cetera) are recorded and agreed. This could be done through an instrument, such as a Memorandum of Understanding or a Charter of Engagement. The form of this should be agreed with NOPSEMA and reviewed periodically.

Recommendation 9. NOPTA and NOPSEMA should establish an instrument (such as a Memorandum of Understanding or Charter of Engagement) to clarify the interaction between the agencies.

Relationship with State and Territory Governments

90. In the period immediately following NOPTA's establishment, the initial relationship with State and Territory Governments was generally described by stakeholders as 'poor'. As many of NOPTA's tasks and functions were previously performed by the respective resources departments of each State and Territory, the handover of responsibility to NOPTA did not necessarily sit well. Furthermore, some early implementation issues caused friction. Fortunately, these relationships have improved and are at a level that contributes to the effectiveness of the titles system. In the Review's discussions with jurisdictions the quality of relationships was commented on favourably, with many describing the responsiveness of NOPTA's staff as a driver for good relations. To build on these relationships will require NOPTA to continue to engage closely with its state and territory counterparts.

NOPTA maintains good working relationships with the States and Northern Territory.

Data Management

91. As noted previously, the effective management of titles related data is critical in supporting the development of Australia's offshore petroleum resources. NOPTA plays an important role in ensuring this data is readily available. It does so by working with the other agencies with responsibilities for this data - primarily Geoscience Australia and the Geological Survey of Western Australia (a Branch of WA's Department of Mines and Petroleum). This includes both electronic data, physical copies of data (such as seismic tapes, paper copies of well logs and other reports, among others) and physical samples (such as drill core and cuttings).

92. Since the creation of NOPTA there are two important developments in data management. The first is the establishment of the National Offshore Petroleum Data and Core Repository (NOPDCR), a collaboration between NOPTA, Geoscience Australia and the Western Australia Department of Mines and Petroleum (DMP). The NOPDCR replaces the previous system where Geoscience Australia would hold one-third of a core in the Canberra Core Store, with two-thirds of a core being held by the relevant jurisdiction in their own core storage facility. The NOPDCR has consolidated the jurisdictional storage, with all jurisdictional cores being stored in DMP's Carlisle Core Store facility in Perth. This world class facility provides secure storage of samples and the ability for them to be easily accessed (where authorised¹⁶). The benefits of NOPDCR include better storage conditions for core samples (as previous jurisdictional storage varied greatly) and increased access to core samples for industry as samples exist on both the west and east coasts of Australia.
93. The other significant enhancement is the development of the National Offshore Petroleum Information Management System (NOPIMS), a data discovery and delivery system for offshore wells, and survey data and information. The system was launched at the Australian Petroleum Production and Exploration Association Conference in Melbourne in May 2015.
94. When fully operational, it is understood that the benefits of NOPIMS will include improved access to data across offshore areas. It will be an online system that will allow access to data quicker, easier and less expensively than before. NOPIMS will also remove some of the artificial barriers facing stakeholders, in particular the need to go to multiple sources for data in different areas of Australia. Data coverage and completeness will be initially limited to reports and data for open-file activities post 1 January 2012. NOPIMS will be progressively populated over time with data for open-file activities prior to this date. The introduction of and planned growth of NOPIMS is a positive development in data management for Australia's offshore petroleum sector.

NOPIMS provides a single point to access to offshore petroleum data and its ongoing enhancement will assist the development of Australia's offshore hydrocarbon resource.

95. The success of NOPIMS will depend on the quality of submitted digital data made available through that system. A number of stakeholders noted that data is not always complete when released by NOPTA causing delays in using the data. Much of the data referred to was created prior to the establishment of NOPTA. It should be noted however that in some cases, despite the efforts of NOPTA's staff, missing data cannot be recovered due to the passage of time. Since 2012 data submission standards have been set out in the NOPTA's data submission requirements.¹⁷ Compliance with these requirements is necessary to allow the maximum benefit to be reaped from the system, thus reducing the long term costs associated with non-compliant data to both industry and government. NOPTA has a quality control system in place to check that submissions adhere to the standards. As data obtained under this standard starts being released by NOPTA, the completeness of this data should be monitored to ensure that NOPTA's processes are effective.

¹⁶ Due to confidentiality periods, not all samples can be accessed. Once outside of these confidentiality periods, samples are viewable under the terms of the facility's arrangements.

¹⁷ NOPTA, *Data Submissions*, <http://www.nopta.gov.au/data-mgmt/data-submissions.html>

96. Confidence in Australia's titles system is partly based on the faith that industry has in government's ability to secure its data during confidentiality periods. Under Regulation, companies are given set times where the data they furnish remains confidential.¹⁸ Industry expressed confidence that NOPTA and its partner agencies are effective at maintaining data confidentiality. The Review also looked at NOPTA's processes and security arrangements for protecting data. These processes are in place and testing of the electronic security occurs periodically. NOPTA should continue to review its processes to maintain the confidentiality of data including the testing of its electronic systems to prevent unauthorised access of data.

Stakeholders have confidence in NOPTA's ability to secure confidential data. NOPTA should continue to enhance the effectiveness of measures to maintain the confidentiality of data.

97. Stakeholders raised the issue of non-exclusive (also known as multi-client) seismic data with the Review team during the consultation phase. A variety of views were expressed. This issue is outside this Review's Terms of Reference. The Department of Industry and Science is conducting a separate review which covers the issue and stakeholder feedback was provided separately to the Head of this review.

Implementing the Government's Response to Productivity Commission Report

98. In 2009, the Productivity Commission completed its review of the Regulatory Burden on the Upstream Petroleum (Oil & Gas) Sector. The review was commissioned following a COAG decision to focus on upstream petroleum as an area of reform. The Commonwealth Government formally responded to the Productivity Commission's report in 2011. In its response, the Government agreed to Productivity Commission report recommendations including:

- a. The establishment of a national offshore petroleum regulator*
- b. The separation of policy advice from regulatory administration*
- c. The implementation of statutory timeframes on regulatory decisions with clear guidance to assist industry*
- d. The implementation of a cost recovery model to fund the administrative functions of the new offshore petroleum regulator*
- e. Movement from prescriptive regulation to objective based regulation*
- f. The introduction of an electronic tracking system.*

¹⁸ As outlined in the *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011*, Part 8, Division 3. Confidentiality periods vary from two years to 15 years, depending on the type of data (for example, wells data or survey data).

99. NOPTA's establishment on 1 January 2012 saw it created as one of two organisations in the Commonwealth Government's regulation of the offshore petroleum industry, with the second organisation being NOPSEMA. Despite the Productivity Commission recommending a single national offshore petroleum regulator, NOPTA's functions of providing advice, analysis, reports and recommendations to the Joint Authority differs substantially from the functions that NOPSEMA carries out (namely safety and environmental regulation). Hence, the separation of NOPTA and NOPSEMA supports the Government's ability to carry out its legislative functions and powers in the management of Australia's offshore resources.
100. The separation of policy functions from regulatory administration has been achieved with NOPTA's current structure and place within the Department (for an in-depth assessment of NOPTA's place, see the *Placement within the Commonwealth Department of Industry and Science* section of this report). Although policy functions are maintained within the Offshore Resources Branch (i.e. within the same Departmental Division as NOPTA), the Review is satisfied that there is sufficient separation so that each can carry out its respective roles without interference and therefore meet the aim of the Government's response.
101. Statutory timeframes have been introduced for the processing of title applications by NOPTA. The volume of applications received and the expected processing times are regularly monitored, with performance statistics made available to the public monthly through the Dashboard Reports that NOPTA produces. As included in the Government's response, there are 'stop the clock' provisions that allow NOPTA to ask for additional information if required, ensuring that the integrity of application assessments are not impacted by time pressures. The extension of binding timeframes to Joint Authority decision determination (as recommended in Recommendation 1) will see the intent of the Government's response fully realised.
102. NOPTA is funded through a cost-recovery model in line with the Government's response, with the *Cost Recovery Impact Statement* outlining the approach to fees and levies and is valid for three years¹⁹. A current *Schedule of Fees* is published on the NOPTA website, with all fees and levies being developed with regard to the Australian Government Cost Recovery Guidelines. A more substantial discussion on cost recovery can be found in the *Cost Recovery* section of this report.
103. NOPTA's approach to regulation and compliance has seen the successful application of an objective-based regulatory model. This model regulates the *outcomes* of activities, allowing industry to determine how outcomes are achieved. For example, NOPTA may regulate a title's work programme by ensuring that an exploration well is drilled, but will not prescribe the exact location of a well and the exact drilling technique used (however it should be noted that drilling activities must comply with other regulations outside of NOPTA). The benefits of objective-based regulation over prescriptive-based models (i.e. where specific standards or procedures are enforced) are a reduction in the administrative burden on regulators, as prescriptive methods are susceptible to becoming quickly outdated, and a reduction in regulatory burden for industry who have more flexibility to meet objectives. Objective-based regulation allows NOPTA to work with titleholders to assist them in incorporating good oilfield practice in work programmes.

19 NOPTA *Cost Recovery Impact Statement* November 2013 - http://www.nopta.gov.au/_documents/NOPTA-CRIS-Nov13-Jun16.pdf

104. NOPTA implemented NEATS to allow for electronic tracking of title applications and to maintain a register of all current and past titles. As outlined in the Government's response, NEATS increases the transparency and contributes to the reduction in delays in approvals. The challenges outlined in the Government's response to create an approvals tracking system for multiple jurisdictions still remains, however NEATS provides a good base to expand electronic tracking capabilities and expansion of the system is discussed in the *Titles Information* section of this report.

105. All of these functions are consistent with the findings as described in both the Productivity Commission's findings and the Government's response to those findings. Consequently, the Review believes that NOPTA's establishment and operations have largely met the objectives of the Australian Government's response to the Productivity Commission's report.

To a significant extent NOPTA's establishment meets the objectives of the Australian Government's Response to the Productivity Commission report on Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector. The acceptance of the recommendations of this Review will increase the extent to which these objectives have been met.

Greenhouse Gas Storage

106. Greenhouse gas storage activities in Australia's offshore waters is a complex issue that may increase in importance in the future. Due to the emerging nature of greenhouse gas storage, the regulatory environment it sits within is still in its infancy. NOPTA has commenced working with the industry and has issued guidance. While four titles have been issued, no storage activities have yet been authorised. It is likely that storage activity will not occur for some time. While NOPTA has developed an initial regulatory response, much more will need to be completed before storage activities can commence. It will require an understanding of the range of complexities that not only surround the storage of greenhouse gases but also the interaction with petroleum titles and petroleum operation²⁰. Understanding the implications of the potential growth in greenhouse gas storage titles is not an urgent task. However, NOPTA and other agencies need to be prepared should this growth eventuate. Consequently, there is a need for the regulatory implications to be understood and suitable responses prepared.

Recommendation 10. That NOPTA investigate the implications of a growth in applications for greenhouse gas storage titles. This should be undertaken in conjunction with the Department of Industry and Science, and NOPSEMA.

NOPTA's Insight

107. As noted earlier, NOPTA provides Joint Authorities with quality advice that supports the administration of the titles system in Australia. NOPTA has done so with increasing efficiency and effectiveness. Through its operations, NOPTA gathers substantial insight into the exploration, development and production phases of Australia's offshore petroleum industry. It is also gaining an understanding of the development of the emerging greenhouse gas storage industry. Its national perspective means it has a unique view through both its formal and informal activities. This information has potential value to those responsible for policy development in both industries.

²⁰ See Department of Industry and Science, *Offshore Greenhouse Gas Storage*, <http://www.petroleum-act.gov.au/2015/supporting-information/offshore-greenhouse-gas-storage>.

108. The challenge for NOPTA is to understand what information is of use to government and in policy development, to collect this information from what it gathers and to convert it into a useful product. This will require ongoing liaison with government and policy makers from each jurisdiction. It may also mean an enhancement to NOPTA's capability. Any enhancement would be modest and focus on the analysis and dissemination of the information it currently gathers. Consequently, NOPTA should develop and implement a plan to assist industry policy development through the analysis and dissemination of the information it gathers.

Recommendation 11. That NOPTA provide its insights on the offshore petroleum and greenhouse gas storage industries to jurisdictions to assist with policy development.

Government's Deregulation Agenda

109. Stakeholders were asked for ideas and opportunities to reduce regulatory burden. Overall a small number of ideas were provided to the Review and most of these were of an incremental nature or offered a modest reduction in burden. Notably some of the ideas are already being progressed by NOPTA, while others were not within the scope of the Review, incorporated into the Review findings or deemed not practical. The relatively modest number of suggestions to reduce regulatory burden reflects well on the regime and operation of NOPTA as a whole. However, a significant idea for reform was raised by a range of stakeholders in order to further streamline the administration of titles in Australia.
110. The reform suggested is that the administration of all titles in both Commonwealth, and State and Territory waters are administered by a single authority. This would provide one authority with a nationally consistent approach for all offshore titles. It would remove issues surrounding adjacent titles in Commonwealth and State/Territory waters, simplify the Joint Authority process, and provide a single point for all stakeholders to work with on titles administration. Not all stakeholders agreed that these benefits outweighed the disadvantages of such a reform including the loss of State and Territory input into the development of offshore petroleum and greenhouse gas storage industries.
111. In positioning this reform, the Review is conscious of the considerable issues that would attend the conferral of State and Territory powers to the Commonwealth. Not least of these issues is that of royalties for States and Territory. It would also need to allow the input of jurisdictions into the administration of the titles system. Pursuing this reform would require a comprehensive understanding of the potential benefits and associated costs by the Commonwealth, and States and Territory. However, it is noted that one jurisdiction (Tasmania) has already conferred some powers to the Commonwealth.

112. Consequently, the Review believes that there is scope for the Minister to consider, in conjunction with the States and Territory, the feasibility of such a reform in order to determine if the benefits are sufficient to warrant its implementation.

Recommendation 12. That the Commonwealth Minister considers the conduct of a feasibility study for the creation of a single offshore titles administrative framework for both Commonwealth waters and State/Northern Territory waters through the conferral of powers under State and Northern Territory legislation.

CONCLUSION

113. The establishment of NOPTA in 2012 was an important step in reforming the regulation of Australia's offshore petroleum industry. In assessing NOPTA's performance since this time, the Review found that NOPTA was effective in contributing to the efficiency of the decision making by a Joint Authority for a State or the Northern Territory. NOPTA has done so by developing its internal capability and capacity to meet the requirements of its role. It has generally applied this capability to deliver high quality advice to Joint Authorities. NOPTA's establishment and subsequent operations have to a large extent met the Australian Government's response to the Productivity Commission's report and consequently reduced the regulatory burden on the offshore petroleum industry. This contributes to integrity of the offshore titles system, with the additional benefit of increasing the attractiveness of Australia for investment in the industry.
114. The Review identifies a number of areas where improvements in capability can be made to enhance the quality of future advice and service to industry. These improvements include enhancing its relationships (primarily with other government agencies), building on the existing functionality of NEATS, exploiting its knowledge of industry to help policy makers and more thorough monitoring of the development and production phases of offshore petroleum operations. These improvements, coupled with the recommendations for Joint Authorities to adhere to agreed timeframes for the determination of decisions, will help to further reduce the regulatory burden on industry.

Annex A

NOPTA Terms of Reference

In accordance with Section 695P (2) of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGGS Act), the 2015 Operational Review of the National Offshore Petroleum Titles Administrator (the Titles Administrator) will:

1. Make an assessment of the effectiveness of the Titles Administrator in contributing to the efficiency of the decision making by a Joint Authority for a State or the Northern Territory.

In the context of the OPGGS Act and Regulations including the legislated functions of the Titles Administrator, this assessment will consider, assess and provide recommendations in relation to:

2. The extent to which the establishment of the Titles Administrator has met the objectives of the Australian Government's response to the Productivity Commission's report *Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*
3. The current operating arrangements for provision of advice to Joint Authorities and the Responsible Commonwealth Minister on titles and titles related matters
4. The management and performance of the legislated, publicly available, register of petroleum titles with Geographic Information System (GIS) support
5. The compliance, monitoring and enforcement activities of the Titles Administrator
6. The management of arrangements for information and data receipt and storage
7. Engagement with stakeholders, including industry, Geoscience Australia, and state and territory agencies
8. The relationship with NOPSEMA and state and Northern Territory regulators to improve end-to-end service to the industry and reduce costs

The review should have regard to opportunities consistent with the Government's deregulation agenda.

Annex B

Stakeholders Interviewed

Position Title	Organisation
Titles Administrator	NOPTA
Deputy General Manager	NOPTA
Manager, Titles Team	NOPTA
Manager, Strategic Coordination and Support Team	NOPTA
Manager, Compliance & Operations Support Team	NOPTA
Manager, Data Management	NOPTA
Chief Geoscientist	NOPTA
Manager, Geoscience & Engineering Team	NOPTA
Consultant	NOPTA
Head of Resources Division	DoIS
Head of Offshore Resources Branch	DoIS
Manager, Offshore Exploration	DoIS
Group Leader, Energy Systems	Geoscience Australia
Group Leader, Resources Advice and Promotion Group	Geoscience Australia
CEO	NOPSEMA
Stakeholder Relations and Legislative Change Manager	NOPSEMA
Acting Manager- Nautical and Regulation	Australian Maritime Safety Authority
Nautical Research and Analysis Officer	Australian Maritime Safety Authority
Executive Director, Energy Resources Division	Department of State Development, South Australia
Director, Geology and Exploration	Department of State Development, South Australia
Senior Licensing Officer	Department of State Development, South Australia
Manager, Licensing and Regulation	Department of State Development, South Australia
Executive Director, Energy Directorate	Department of Mines and Energy, Northern Territory
Executive Director, Geoscience	Department of Mines and Energy, Northern Territory
CEO	CO2CRC
Manager, Earth Resources Tenements	Department of Economic Development, Jobs, Transport and Resources, Victoria
General Manager, Technical Services	Department of Economic Development, Jobs, Transport and Resources, Victoria
Petroleum Tenements Officer	Department of Economic Development, Jobs, Transport and Resources, Victoria

Position Title	Organisation
Senior Project Officer	Department of Economic Development, Jobs, Transport and Resources, Victoria
Assistant Director, Titles	Department of Trade and Investment, New South Wales
Executive Director, Petroleum Division	Department of Mines and Petroleum, Western Australia
Assistant Director Resources	Department of Mines and Petroleum Western Australia
Executive Director, Geological Survey Western Australia	Department of Mines and Petroleum, Western Australia
Tenures Compliance Manager	Origin Energy
Group Manager, Conventional Exploration- Integrated Gas	Origin Energy
Policy Director- Access	APPEA
Deputy Chief Executive	APPEA
Coordinator	CarbonNet
Australia Exploration Manager	Karoo Gas
Vice President, Exploration Australia	Woodside Energy
Compliance and Governance Manager	Woodside Energy
Manager, Government and Community Relations	Santos
Country Manager Australia	Murphy Oil Australia
Government Affairs Adviser	Woodside Energy
Exploration Manager	WHL Energy
Director, Upstream External Affairs	BP Developments Australia
General Manager	Searcher Seismic
Titles Coordinator	Chevron
Business Development & Commercial Manager	Chevron
Manager, Business Development	Finder Exploration
Director	Exploration Data Services
Exploration Manager	AWE
Government Relations and Issues Adviser	ExxonMobil
Senior Commercial Advisor	ExxonMobil

Annex C

Documents Reviewed

Document Title
Operating Protocols for Offshore Petroleum Joint Authority
Rejected Application Statistics
Checklist: Suspensions, Suspensions with Extensions, and Variations and Extensions
PowerPoint Presentation- Lessons Learnt, Comparison between USA, Norway and UK Models
Lecture on Risk Control- Nov 2014
Report on the 6th International Upstream Forum
NOPTA Fees and Levies- Total Revenue Collected
File Audit Checklist- Surrender of Titles
File Audit Checklist- Renewals
National Collaboration Framework: Project Agreement
NOPTA Dashboard- April 2015
Checklist: Surrender of Titles
2015 Corporate Plan- Finance Chart
Checklist- Renewal of Petroleum Permits- Administration and Assessment
Checklist- Renewal of Petroleum Exploration Permits- JA Decision
Staffing Levels Table
2015 NOPTA Work Plan Report
NOPTA Dashboard- Mar 2015
Process Map- Data and Report Classification Dispute
Process Map- Data and Report Submission
Process Map- Data and Report Compliance
Process Map- Data Release
Process Map- Data Request Further Information
Process Map- Data and Report Variation and Export Approval
Process Map- Notice of Geophysical Activity
Process Map- Petroleum Mining Samples
Process Map- Report or Data Due Process (applies to all data and report submissions)
Standard Operating Procedure- Data Management and Report Classification Dispute
Standard Operating Procedure- Data Management- Data and Report Submission
Standard Operating Procedure- Data Management- Data and Report Compliance
Standard Operating Procedure- Data Management- Data Release
Standard Operating Procedure- Data Request Further Information
Standard Operating Procedure- Data Management- Data and Report Variation and Export Approval
Standard Operating Procedure- Data Management- Notice of Geophysical Activity
Standard Operating Procedure- Data Management- Petroleum Mining Samples
Standard Operating Procedure- Data Management- Report or Data Due
Request for Information: Application for Consent to Surrender Petroleum Exploration Permit
Application for Variation and Suspension of Work Program Commitments and Extension of Permit Term- Petroleum Exploration Permit
Offshore Petroleum Titles Alert Summary- March 2015

Document Title

Exploration Permit Guideline Assessment of Bid and Renewal Applications

Requirements of Bid and Renewal Applications

Permit Condition and Administration

Presentation- Offshore Petroleum in Australia

Presentation- Permit Conditions & Administration

Presentation- Petroleum Production Licenses under Offshore Petroleum Greenhouse Gas Storage Act 2006

Titles Admin Process Guide: Sending Applications, Assessments, and Clarifying Information with the Joint Authority

Titles Admin Process Guide: Titles Alert Summary Reports

Titles Admin Process Guide: Uploading Registered Instruments to NEATS and maintaining Titles Registers

Annex D

Comparison of Fees

It is difficult to compare the regulatory processing fees of different jurisdictions across the world. Each separate jurisdiction takes a different approach for fees and charges. This comparison looks at three similar jurisdictions – Australia, the United Kingdom, and Norway.

The United Kingdom charges an initial application fee based on a formula. This formula calculates the application fee by estimating the amount of labour and time required to process the application. Upon the commencement of the license, an annual fee is paid by the license holder. The fees are determined by a sliding scale with charges becoming more expensive as the license continues.

In Norway fees are charged on a yearly basis. There is an application fee which must be paid when applying for applying for a license. From there license holders pay an annual fee. When license holders want to retain their exclusive rights to the license area, they have to pay an 'area fee'. This fee is on an upward sliding scale with an increase in charges occurring over the course of time. Upon commencement of production, license holders are to pay a fee per square kilometre of the production area.

In Australia a fees are charged for various activities throughout the exploration and production process. Title application fees are charged based on the activity to be performed. An annual titles administration levy is also charged, determined by which activity is being conducted.

Below is a table of each jurisdiction's fees and charges:

Australia²¹

Type of Fee/Levy	Amount
Work-Bid Exploration Permit Application Fee	\$A8,183
Cash-Bid Exploration Permit Application Fee	\$A2,090
Petroleum Retention Lease Application Fee	\$A2,090
Petroleum Production License Over a Surrendered Block	\$A5,220
Petroleum Production License Over an Individual Block	\$A1,050
Other Petroleum Production License	\$A2,090
Renewal of Petroleum Production Licenses	\$A2,090
Annual Titles Administration Levy- Work Bid Exploration Permit (per title)	\$A9,781
Annual Titles Administration Levy- Petroleum Retention Lease (per block)	\$A7,755
Annual Titles Administration Levy- Petroleum Production License (per block)	\$A15,500

Type of Fee/Levy	Amount †
Annual Payment for License Fee	65,000 NOK (\$A10,762.12)
Handling Fee for a Production License	109,000 NOK (A\$18,047.25)

21 Schedule of Fees- NOPTA – http://www.nopta.gov.au/_documents/scheduleOfFees-20131109.pdf

22 Norwegian Petroleum Directorate – *Regulations to Act relating to petroleum activities* - <http://www.npd.no/en/regulations/regulations/petroleum-activities/#3>

Seismic Survey Fee	33,000 NOK (\$A5,463.85)
Area Fee (Year 1)- per km2	30,000 NOK (\$A4,967.13)
Area Fee (Year 2)- per km2	60,000 NOK (\$A9,934.27)
Area Fee (Year 3)- per km2	120,000 NOK (\$19,968.54)
Annual Exploration and Exploitation of Submarine Petroleum Resources- per km2	40,000 NOK (\$6,622.85)

† Based on Exchange Rate COB 8 Jun 2015 from Norwegian Central Bank (\$A1 = 6.0397 NOK)²³

United Kingdom²⁴

In the United Kingdom, a charge must be paid for the following authorisations and consents: a carbon dioxide storage proposal, a development and production programme; a development plan; or a pipeline deposit proposal.

The charge is determined by a formula. Companies can submit a 'Charges Request' to the Secretary of State for Energy. The Secretary of State will estimate the days and officers required to consider the title application.

The formula is:

$$£500 \times A \times B$$

Where:

- A is the number of days estimated to consider the application
- B is the number of officers estimated to consider the application

There are other charges for authorisations these include:

Type Fee/Levy	Amount a
Methodology proposed for the measurement of petroleum	£920 (\$A1,838.16)
Drill a primary well	£647 (\$A1,292.71)
Drill a sidetrack well branching off the principal well to a target location different from that of the principal well	£532 (\$A1,026.94)
Fit or refit equipment in a well for the purpose	£506 (\$A1,010.99)
Get petroleum from a licensed area	£994 (\$A1,986.01)
Variation of a consent to get petroleum from a licensed area	£994 (\$A1,986.01)
Flare or vent from a well	£714 (\$A1,426.57)
Variation of a consent to get petroleum from a well	£714 (\$A1,426.57)
Well suspension	£532 (\$A1,062.94)
Put back into use any well subject to a well suspension	£506 (\$A1,010.99)
Abandon a well permanently	£506 (\$A1,010.99)

²³ Daily Exchange Rates (from 1981) – http://www.norges-bank.no/WebDAV/stat/valutakurser/xlsx/valutakurser_d.xlsx

²⁴ *The Gas and Petroleum (Consents) Charges Regulations 2013 (UK)* – <http://www.legislation.gov.uk/uksi/2013/1138/regulation/3/made>

Type Fee/Levy	Amount α
Change of licensee	£252 (A\$503.50)
Change of the beneficiary of a petroleum field or subarea	£252 (A\$503.50)
Change of the operator of a petroleum field or subarea	£900 (A\$1,798.20)

α Based on Exchange Rate COB 09 Jun 2015 from Reserve Bank of Australia²⁵

The United Kingdom also charges an annual rental fee to license holders. Rentals are charged at an escalating rate on each square kilometre the license covers at that date. This escalating charge is to encourage licensees to surrender any acreage that they don't want to exploit and to focus on areas they have decided to retail.

Final rent charges are stipulated in the conditions of the license. Each license has a different rental charge in the United Kingdom. Rental charges are stipulated when each area is open to a license round.

International Jurisdiction Comparison

To enable a comparison of fees and charges between jurisdictions, a scenario has had to be mapped out as the United Kingdom fees were only accessible within the published title information. This scenario comes from the United Kingdom and is based on seaward license P2077.²⁶ This license is for block 28/8 and is found in the North Sea off the coast of Scotland. The size of the area is approximately 26km². The license is held by Premier Oil UK Limited, Nautical Petroleum Limited and Agora Oil and Gas (UK) Limited.

The license comes with work conditions that need to be performed in the initial term of 4 years. These work conditions are: reprocessing 1000km² of 3D seismic data, carrying out a geochemical survey and drilling a well to 1250m. The license holders must also pay a periodic rental fees. These fees are paid on the commencement of the license and every subsequent anniversary. The license fees are calculated by multiplying an amount by the area factor. On commencement of the contract and the subsequent 1st, 2nd and 3rd year anniversaries of contract commencement the amount paid is £150 multiplied by the area factor. On the 4th anniversary of the contract commencement the rental fee to be paid is £300 multiplied by the area factor.

To compare prices in multiple jurisdictions, the same conditions as required by UK seaward license P2077 will be costed if they were to occur both in Australia and Norway. As discussed above, there is a requirement to perform a seismic study and to drill a well. In Norway there is a charge for performing a seismic study of 33,000NOK. In the United Kingdom there is a £647 charge to drill a well. For the case of comparison, these activities are assumed to be performed in Year 3.

The approximate costs in each jurisdiction to perform the activities as required by seaward license P2077 are:

Jurisdiction	Commencement Costs	Year 1	Year 2	Year 3	Year 4	Total
United Kingdom	\$7,792.21 β	\$7,792.21	\$7,792.21	\$9,084.92	\$15,584.42	\$48,045.97 β
Norway	\$10,762.12	\$10,762.12	\$10,762.12	\$16,225.97	\$10,762.12	\$59,274.45
Australia	\$8,783.00	\$9,781.00	\$9,781.00	\$9,781.00	\$9,781.00	\$47,907.00

β - There is no standard application fee for exploration licenses/permits in the United Kingdom. Applications fees are calculated using a formula as described above.

²⁵ Exchange Rates Daily- 2014 to Current - <http://www.rba.gov.au/statistics/tables/xls-hist/2014-current.xls>

²⁶ Seaward Production License P2077 - https://itportal.decc.gov.uk/web_files/recent_licences/licences/P2077.pdf

If the field attributes as described in UK seaward license P2077 continued into production, in Australia they would pay an application fee for a production license of \$2,090. They would then pay a titles administration levy of \$15,500 per year for the duration of the title. In Norway, they would pay on application for a production license \$18,047.25. A rent fee is also charged at \$6,622.85 per km² per year. In the interest of comparison, it is assumed that the production area remains at the current 26km² as described in UK Seaward License P2077, then the annual fee in Norway for production would be \$172,194.10 per year.

In the United Kingdom the scale remains the same whether exploration or production occurs. The rental fee is increased on each subsequent anniversary of the commencement of the license. The scale for UK Seaward license P2077 is as follows:

Anniversary since Commencement	Charge per km²
5th Anniversary	£1,200
6th Anniversary	£2,100
7th Anniversary	£3,000
8th Anniversary	£3,900
9th Anniversary	£4,800
10th Anniversary	£5,700
11th Anniversary	£6,600
12th Anniversary	£7,500
Subsequent Anniversaries	£7,500

If the original size of the block (approximately 26km²) was to be maintained the license holders would be required to pay £31,200 on the 5th Anniversary. This amount would increase every year reaching a maximum of £195,000 on the 12th Anniversary and every subsequent anniversary thereafter.

Annex E

Stakeholder Survey Results

Private Sector Survey Responses

Regulation and the Productivity Commission Review

1. The establishment of NOPTA has led to the streamlining of titles applications.								
Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	2	7	1	0	0	1	4.10	11
Additional Comments								3
answered question								11
skipped question								0
Additional Comments								
Always approachable and happy to meet, discuss								
NOPTA people are always approachable and helpful								
NOPTA's response times are very good. Having the ability to check progress on NEATS is excellent.								

2. The current fee structure is better than the pre 1 January 2012 structure.								
Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	0	1	2	3	1	4	2.43	11
Additional Comments								1
answered question								11
skipped question								0
Additional Comments								
Permit fees by area make more sense to me than a fixed fee irrespective of size.								
It is good that we no longer pay transfer fees, but now everyone pays for everything, and perhaps payment on transfer - i.e. at the conclusion of s deal, was a better thing								

3. NOPTA provides clear feedback to my organisation about the assessment criteria used during each stage of the title application process.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	3	6	1	0	1	3.20	11
Additional Comments							3
answered question							11
skipped question							0
Additional Comments							
Always approachable and happy to meet, discuss							
NOPTA people are always approachable and helpful							
NOPTA's response times are very good. Having the ability to check progress on NEATS is excellent.							

4. The introduction of the National Electronic Approval Tracking System (NEATS) has led to timelier approvals of title applications submitted by my organisation.

Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	3	2	4	0	0	2	3.89	11
Additional Comments							4	
answered question							11	
skipped question							0	
Additional Comments								
I'm not actively involved in tracking timing, but NEATS appears to be a very good information source								
An extremely useful tool for industry.								
Excellent system. Needs to be expanded to allow reminders and submission of annual reports etc.								
I don't think the approvals are faster, but NEATS is great								

5. The approvals process used by NOPTA provides greater transparency and accountability than the approval system used prior to 1 January 2012.

Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	1	3	4	0	0	3	3.63	11
Additional Comments								2
answered question								11
skipped question								0
Additional Comments								
Not my area to comment upon								
Assessment criteria of Block Awards still needs work mainly in the area of financial capability. Too many blocks are awarded to companies who cannot afford the work programme and end up entering into a GSA.								

Management of Titles

6. The interactive map that NOPTA provides on NEATS is accurate and reliable.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	Do not use	Rating Average	Response Count	
Responses	2	4	0	0	4	3.33	10	
Additional Comments								0
answered question								10
skipped question								1

7. NEATS is easy to use.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	5	4	0	0	1	3.56	10	
Additional Comments								0
answered question								10
skipped question								1

8. NEATS is readily accessible.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	5	4	0	0	1	3.56	10	
Additional Comments								0
answered question								10
skipped question								1

Data Management

9. NOPTA facilitates data access for my organisation.

Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	1	4	3	1	0	1	3.56	10
Additional Comments								2
answered question								10
skipped question								1
Additional Comments	I use NEATS on a daily basis.							
Additional Comments	NOPTA doesn't facilitate data access - that role is mainly done by GA and DMP							

10. NOPTA's release of open file data is both timely and accurate.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	0	4	3	0	3	2.57	10	
Additional Comments								3
answered question								10
skipped question								1
Additional Comments	Usually incomplete data							
Additional Comments	NOPTA say data is released once a week (on a Monday), but this time frame seems to slip some of the data is released a little late, and understanding what data is available when can be difficult							

11. I am confident that NOPTA ensures the confidentiality of my organisation's protected commercial information.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	4	4	0	0	1	3.50	9	
Additional Comments								2
answered question								9
skipped question								2
Additional Comments	Not sure that NOPTA does or doesn't.							
Additional Comments	How am I to know? Only if I find out about it. What if confidentiality is not maintained but I don't find out about it?							
Additional Comments	We do not submit data to NOPTA							

Your Relationship with NOPTA

12. NOPTA is always available to assist with any enquiries I have.								
Answer Options	Always	Mostly	Sometimes	Occasionally	Seldom	N/A	Rating Average	Response Count
Responses	6	4	0	0	0	0	4.60	10
Additional Comments								1
answered question								10
skipped question								1
Additional Comments								
Still a grey area when things get referred to the Joint Authority. Things under NOPTA's control are very good but the JA is a black box.								

13. NOPTA provides information in a timely manner.								
Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	2	8	0	0	0	3.20	10	
Additional Comments								0
answered question								10
skipped question								1

14. The information that NOPTA provides is accurate.								
Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	5	5	0	0	0	3.50	10	
Additional Comments								0
answered question								10
skipped question								1

Regulatory Improvement

15. NOPTA provides a single point of entry for titles-related government services.								
Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	4	6	0	0	0	3.40	10	
Additional Comments								3
answered question								10
skipped question								1
Additional Comments								

There can be some issues in communications between NOPTA and WA DMP

It would be very beneficial for NOPTA to assign an “account manager” to companies so that there is a single first point of contact when dealing with NOPTA. It is often unclear which department (titles, compliance, reports etc.) should be contacted with a query - a single contact would help.

we also take the opportunity to interact with DoIS as well

16. The creation of NOPTA has helped reduce the cost of submitting title applications.

Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	1	2	4	1	0	2	3.38	10
Additional Comments								0
answered question								10
skipped question								1

17. There is scope to reduce NOPTA’s regulatory burden on industry.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	1	7	0	0	2	3.13	10	
How can this burden be reduced?								5
answered question								10
skipped question								1

How can this burden be reduced?

Conferral of State waters responsibilities

Capacity to make low-level JA decisions on behalf of the JA

as discussed in interview

There is quite a bit more that NOPTA could do rather than largely being just a bureaucratic style administrator and regulator (policeman).

NOPTA is much better than NOPSEMA.

NOPTA is (slowly) getting better than it was, but still has room for improvement.

Reduce the number of instances when a suspension/extension is required for minor work deferrals or delays,

and I believe the new guidelines to be released at APPEA will contribute to this streamlining

Public Sector Survey Responses

Regulation and the Productivity Commission Review

1. The establishment of NOPTA has led to the streamlining of titles applications.

Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	3	4	0	1	0	1	4.13	9
Additional Comments								4
answered question								9
skipped question								0
Additional Comments								
Although involvement of Joint Authority still makes for an extended process								
Prior to NOPTA being formed the approval process was coordinated by the State and the Commonwealth. Now the approval process consists of the State, the Commonwealth and NOPTA. It is my opinion that NOPTA has created an extra tier in the approval process.								
I was not involved in titles administration prior to NOPTA's establishment so am unable to comment								
We never fully recovered costs of dealing with offshore permits full cycle.								

Management of Titles

2. The interactive map that NOPTA provides on the National Electronic Approvals Tracking System (NEATS) is accurate and reliable.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	0	6	0	0	2	3.00	8	
Additional Comments								3
answered question								8
skipped question								1
Additional Comments								
Agree, but the utility of the map is limited by the inability to add overlays								
I would like to see an expansion of capability.								
I note that right at the moment the 2015 Acreage Release layers are shown on the list but are not visible on the map.								
Haven't used								

3. NEATS is easy to use.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count	
Responses	1	5	0	0	2	3.17	8	
Additional Comments								2

answered question	8
skipped question	1
Additional Comments	
I have accessed NEATS on a few occasions and found it to be very easy to use, particularly when searching the electronic register.	
Haven't used	

4. NEATS is readily accessible.							
Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	1	5	0	0	2	3.17	8
Additional Comments							1
answered question							8
skipped question							1
Additional Comments							
Haven't used							

Data Management

5. NOPTA facilitates data access for my organisation.								
Answer Options	Strongly Agree	Agree	No Difference	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	0	4	2	0	0	1	3.67	7
Additional Comments								0
answered question								7
skipped question								2

6. NOPTA's release of open file data is both timely and accurate.							
Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	Rating Average	Response Count	
Responses	1	6	0	0	3.14	7	
Additional Comments						1	
answered question						7	
skipped question						2	
Additional Comments							
I have selected 'agree', however I have no idea if this is true or not. There should have been a button N/A to select.							

7. I am confident that NOPTA ensures the confidentiality of my organisation's protected commercial information.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	2	2	0	0	3	3.50	7
Additional Comments							0
answered question							7
skipped question							2

Your Relationship with NOPTA

8. NOPTA is always available to assist with any enquiries I have.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	1	5	0	0	1	3.17	7
Additional comments							1
answered question							7
skipped question							2
Additional comments							
The team at NOPTA are very professional and courteous. They provide timely advice on any query I raise.							

9. NOPTA provides information in a timely manner.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	2	5	0	0	0	3.29	7
Additional Comments							0
answered question							7
skipped question							2

10. The information that NOPTA provides is accurate.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	Rating Average	Response Count
Responses	2	5	0	0	3.29	7
Additional Comments						0
answered question						7
skipped question						2

Regulatory Improvement

11. NOPTA provides a single point of entry for titles-related government services.

Answer Options	Strongly Agree	Agree	Disagree	Strongly Disagree	N/A	Rating Average	Response Count
Responses	3	3	0	1	0	3.14	7
Additional Comments							1
answered question							7
skipped question							2
Additional Comments	Poor question - they are one point of access for offshore/Federal they do not deal with onshore/State Territory permits.						

