



Australian Government

Department of Industry and Science

National Offshore Petroleum Titles Administrator

COST RECOVERY IMPLEMENTATION STATEMENT

Offshore Petroleum and Greenhouse Gas Storage Titles Administration

2015-16

Cost recovery involves government entities charging individuals or non-government organisations some or all of the efficient costs of a specific government activity. This may include goods, services or regulation, or a combination of them. The Australian Government Cost Recovery Guidelines (the CRGs)¹ set out the overarching framework under which government entities design, implement and review cost recovered activities.

¹ The CRGs are available on the [Department of Finance website](#).

1 INTRODUCTION

1.1 Purpose of the CRIS

This Cost Recovery Implementation Statement (CRIS) provides information on how the National Offshore Petroleum Titles Administrator (NOPTA) implements cost recovery for the administration of offshore petroleum and greenhouse gas storage titles (titles administration). It also reports financial and non-financial performance information for titles administration and contains financial forecasts. NOPTA will maintain the CRIS until the activity or cost recovery for the activity has been discontinued.

This CRIS supersedes NOPTA's CRIS 1 November 2013 to 30 June 2016 and brings it in line with the requirements of the revised Australian Government Cost Recovery Guidelines released in July 2014.

1.2 Description of the activity

NOPTA was established as a statutory office in the then Department of Resources, Energy and Tourism on 1 January 2012 as the national offshore petroleum regulator to advise the Commonwealth Minister (currently Minister for Industry and Science) and the relevant State and the Northern Territory Ministers, collectively named the Joint Authority and make decisions relating to offshore petroleum titles, and to administer titles and related well and survey digital reports and data.

Prior to 1 January 2012, the Australian offshore petroleum regulatory framework was administered at State or Territory level. A Productivity Commission Review (the Review)² found that this resulted in duplication and overlap that was potentially diminishing the present value of petroleum resource extraction in Australia. The Review found that there was 'significant unnecessary regulatory burden' on the offshore petroleum sector. Of the 30 recommendations made within the Review, a number recommended the creation of a national offshore petroleum regulator that would ease regulatory burden.

In response to the review, the Commonwealth Government adopted a national model for the regulation of the upstream petroleum sector in Commonwealth waters following extensive consultation with state governments, the Northern Territory Government and industry, and consideration of the outcomes of the Montara Commission of Inquiry³. In addition to NOPTA, the Government established the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA)⁴, which is responsible for regulation of well integrity, environment plans and occupational health and safety.

² Productivity Commission Research Report, *Review of Regulatory Burden on the Upstream (Oil and Gas) Sector*, April 2009.

³ Montara Commission of Inquiry Report, June 2010.

⁴ NOPSEMA website.

NOPTA's functions are legislated under section 695B of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGSA)⁵, and include:

- keeping register of titles
- data and information management
- cooperate with NOPSEMA and other agencies
- to do anything incidental to or conducive to the performance of any of NOPTA's functions, including to provide corporate support to facilitate delivery of the legislated functions.

The position of Titles Administrator is a statutory position, assisted by Australian Public Sector employees of the Department of Industry and Science. NOPTA is responsible for the day-to-day administration of all petroleum and greenhouse gas titles in Commonwealth waters in Australia, and is the first point of contact for matters relating to offshore titles administration.

NOPTA recovers its costs via application fees and the Annual Titles Administration Levy.

Cost recovery is considered the appropriate method given the specific nature of the activities undertaken to regulate a specific industry group. Titleholders of offshore petroleum and greenhouse gas permits and licences are responsible for paying the cost associated with NOPTA's regulatory functions.

Other key stakeholders include the Commonwealth Minister (currently Minister for Industry and Science) and the relevant State and the Northern Territory Ministers, collectively named the Joint Authority, government entities across the Commonwealth, State and Territory, and offshore petroleum industry associations.

2 POLICY AND STATUTORY AUTHORITY TO COST RECOVER

2.1 Government policy approval to cost recover the activity

In its report *Review of Regulatory Burden on the Upstream Petroleum (Oil & Gas) Sector* (released on 30 April 2009), the Productivity Commission recommended establishing a national offshore petroleum regulator funded through full cost recovery. As part of the 2009-10 Mid-Year Economic and Fiscal Outlook, the Commonwealth Government agreed to establish a National Offshore Petroleum, Minerals and Greenhouse Gas Storage Regulator to operate on a full cost recovery basis, with the establishment fully funded by industry fees levied between 1 July 2010 and 31 December 2011. The new regulator was to replace the joint administration of upstream petroleum, minerals and greenhouse gas storage by the Commonwealth, States and the Northern Territory for the offshore area in order to streamline the regulation.⁶

As part of the 2011-12 Budget, the Commonwealth Government adopted a revised model for the regulation of the upstream petroleum sector in Commonwealth waters by

⁵ Functions of the Titles Administrator, Offshore Petroleum and Greenhouse Gas Storage Act 2006 Section 695B.

⁶ Mid-Year Economic and Fiscal Outlook 2009-10 Budget Appendix A.

establishing NOPSEMA and NOPTA instead of a single regulator.⁷ Both entities were to operate on a full cost recovery basis from 1 January 2012, with the revenue from registration fees payable by the industry under the Offshore Petroleum and Greenhouse Gas Storage (Registration Fees) Act 2006 retained by the Government for a two year period from 1 July 2011 to meet the establishment costs.

2.2 Statutory authority to charge

The amendments to the OPGGSA and supporting legislation authorising imposition of charges on holders of offshore petroleum titles to fund the regulatory activities of NOPTA were passed through Parliament in September 2011.

The legal authority to impose the Annual Titles Administration Levy is contained in Part 4C of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003*.⁸ The amounts are prescribed in the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004*.⁹

The legal authority to prescribe application fees can be found in Part 2, Part 4, Part 6 and Part 7 of the OPGGSA. The fees are prescribed in the Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011.

NOPTA is fully funded through the cost recovery charges imposed under this legislation. All moneys are paid into an administered Special Account. NOPTA does not receive an annual departmental appropriation.

3 COST RECOVERY MODEL

3.1 Outputs and business processes of the activity

NOPTA has a number of dedicated personnel made up of 35 Full Time Equivalent (FTE), in four technical teams employed to deliver its legislated functions. These teams report to the Titles Administrator:

1. Titles (11 FTE)
2. Compliance & Operations Support (11 FTE)
3. Data Management (5 FTE)
4. GeoScience Engineering (8 FTE)

The costs incurred by these teams are direct costs for NOPTA and represent approximately 97% of NOPTA's total costs.

NOPTA also has a small support team (4 FTE) to undertake the necessary administrative and executive tasks. The costs of this team are indirect costs of NOPTA and represent 3% of NOPTA's total costs.

⁷ Mid-Year Economic and Fiscal Outlook 2011-12 Budget Paper No. 2, Part 2: Expense Measures.

⁸ Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003.

⁹ Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004.

While NOPTA is structurally a branch within the Resources Division of the Department of Industry and Science, it does not undertake activities other than the functions legislated under the OPGGSA, which makes it easy to identify costs attributable to cost recovered activities. To date there has been no departmental overheads allocated to NOPTA.

NOPTA's key outputs and business processes involved in their production are outlined below:

- 1) **Acreage Release (Petroleum Exploration Permit):** Annual release (two rounds per release) of petroleum exploration acreage. Gazettal of acreage release areas, receipt of applications (competitive bidding/tender process), assessment of applications (including financial and technical assessment), dissemination of information (notifying applicants of the decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title (including work program conditions), data management, and develop/maintain guidance material for applicants.
- 2) **Petroleum Exploration Permit (EP):** Receipt of applications for renewal or grant, assessment of application (including technical assessment of the proposed work program), implement decision in accordance with the Act, dissemination of information (notifying titleholder of decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title (including work program conditions), data management, and develop/maintain guidance material for applicants.
 - *EP Surrenders:* receipt of application, assessment of application (including checking of submission of all outstanding data, reports and fees), implement decision (including updating register and gazetting the surrender), dissemination of information (notifying titleholder of decision), and develop/maintain guidance material for applicants.
 - *EP Expiries:* assessment/collection of any outstanding data, reports and fees, implement of expiry (including updating register and gazetting the expiry), dissemination of information (notifying titleholder of expiry), and develop/maintain guidance material for industry.
 - *EP Cancellations:* compile assessment report, assessment of good standing provisions, implement decision (including updating register and gazetting the cancellation), dissemination of information (notifying titleholder of decision), and develop/maintain guidance material for industry.
- 3) **Suspension and extension; variation; exemption:** Receipt of application, assessment of suspension and extension, variation and exemption applications relating to conditions of a permit, lease or licence (including work program conditions), implement decision (including updating register), dissemination of information (notifying titleholder of decision), and develop/maintain guidance material for applicants.

- 4) **Declaration of a Location:** Receipt of application, assessment of application (including technical assessment of whether the block(s) contain petroleum and whether petroleum has been recovered from the pool), implement decision (including updating register and gazetting the location), dissemination of information (notifying titleholder of decision), and develop/maintain guidance material for applicants.
- 5) **Retention Lease (RL):** Receipt of application, assessment of application (including technical assessment of whether the block(s) contain petroleum and commercial viability), implement decision in accordance with the Act, dissemination of information (notifying titleholder of decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title (including work program conditions), data management, and develop/maintain guidance material for applicants.
 - *RL Renewal: Receipt of application, assessment of application (including technical assessment of whether the block(s) contain petroleum and commercial viability), implement decision in accordance with the Act, dissemination of information (notifying titleholder of decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title (including work program conditions), data management, and develop/maintain guidance material for applicants.*
- 6) **Production Licence (PL):** Receipt of application, assessment of application, implement decision in accordance with the Act, dissemination of information (notifying titleholder of decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title (including work program conditions), data management, and develop/maintain guidance material for applicants.
 - *PL Field Development Plans: Receipt of application (including preliminary field development plans, final field development plans and variations), assessment of application (technical assessment), implement decision in accordance with the Regulations, dissemination of information (notifying titleholder of decision), and develop/maintain guidance material for applicants.*
 - *PL Rate of Recovery & Equipment and Procedures: Receipt of application, assessment of application (technical assessment), implement decision in accordance with the Regulations, dissemination of information (notifying titleholder of decision), and develop/maintain guidance material for applicants.*
- 7) **Infrastructure Licence:** Receipt of application, assessment of application (including proposed location of infrastructure), implement the decision in accordance with the Act, dissemination of information (notifying titleholder of decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title, data management, and develop/maintain guidance material for applicants.

- 8) **Pipeline Licence:** Receipt of application, assessment of application (including proposed location of the pipeline), implement decision, dissemination of information (notifying titleholder of decision), maintain the title register (including assessment and registration of dealings & transfers), ongoing assessment of compliance with any conditions of the title, and develop/maintain guidance material for applicants.
- 9) **Special Prospecting Authority (SPA) and Access Authority (AA):** Receipt of application, assessment of special prospecting authority application (authorising an entity to undertake exploration work other than drilling a well, in vacant acreage) or access authority application (authorising an existing petroleum titleholder to undertake petroleum activities other than drilling a well, outside the boundary of their existing titles), dissemination of information (notifying titleholder of decision), maintain the title register, ongoing assessment of compliance with any conditions of the title, data management, and develop/maintain guidance material for applicants.
- 10) **Transfers and Dealings:** Approval and registration of transfer of petroleum titles and dealings affecting petroleum titles. Transfers and dealings must be approved and registered in accordance with the OPGGSA, and this process is completed by NOPTA.

3.2 Cost allocation

NOPTA allocates direct and indirect costs to each output based on management estimates of effort required.

Direct costs for 2015-16 are estimated at \$8.1 M and are made up of:

- Employee and associated expenses of the four technical teams (e.g. salary, superannuation, leave entitlement, learning & development, professional membership).
- Employee and associated expenses of the Titles Administrator and Executive Assistant.
- Maintenance and support of the National Electronic Approval Tracking System (NEATS).
- National Offshore Petroleum Data and Core Repository (NOPDCR) expenses required for the management of petroleum mining sample data (cores, cuttings and gas/fluid samples).

The direct costs are readily identifiable in the financial management and information system.

Management prepared a comprehensive estimate of the level of effort required for each output in 2013. These estimates will be reviewed during 2015-16, after NOPTA's first three full financial years' of operation, providing management with appropriate data and trends for analysis.

Direct costs are multiplied by the estimated % of effort to determine the direct cost for each product, as illustrated in the following Table 1.

Table 1: Allocation of direct costs to outputs

Output No.	Output	Titles	Compliance	Data Mgmt	GET
1	Acreage Release	17%	8%	-	1%
2	Petroleum Exploration Permit	13%	18%	41%	30%
3	Suspension and extension; variation; exemption	27%	7%	-	1%
4	Declaration of a location	4%	7%	-	6%
5	Retention Lease	5%	13%	20%	16%
6	Production Licence	4%	11%	39%	39%
7	Infrastructure Licence	2%	7%	-	2%
8	Pipeline Licence	3%	9%	-	3%
9	Special Prospecting Authority (SPA) and Access Authority (AA)	10%	9%	-	1%
10	Transfers and Dealings	15%	11%	-	1%
	Total	100%	100%	100%	100%

Indirect costs for 2015-16 are estimated at \$2.1M and are made up of:

- Employee and associated expenses of the support staff
- ICT desktop services
- Office accommodation and utilities
- Travel
- Legal

Indirect costs are allocated to technical teams using cost drivers as shown in Table 2.

Table 2: Allocation of indirect costs of outputs

Indirect Cost	Cost drivers
Support Staff	% of Total Direct Costs
ICT - Desktop services	Headcount (as each person having a PC)
Office accommodation and utilities	Headcount (as a proxy of consumption of office-related expenditure)
Travel ¹⁰	Headcount
Legal ¹¹	% of Total Direct Costs
Consultants ¹²	% of Total Direct Costs

¹⁰ Travel is shown as an indirect cost as staff often travel for general NOPTA business, across projects, general oil and gas industry conferences etc. It is difficult to assign these costs directly to outputs.

¹¹ Legal advice may be sought on OPGGSA matters.

¹² The Titles Administrator may appoint consultants as necessary under section 695G of the OPGGSA.

3.3 Costs of the activity

NOPTA's total budgeted cost for the budget year 2015-16 is \$10.206 M. Based on management analysis of effort required, the following table 3 shows the allocation of NOPTA costs to outputs in 2015-16.

Table 3: Cost allocated to outputs in 2015-16

Output No.	Output	Direct Costs \$M	Indirect Costs \$M	Total \$M
1	Acreage Release	0.362	0.126	0.488
2	Petroleum Exploration Permit	2.514	0.624	3.138
3	Suspension and extension; variation; exemption	0.561	0.180	0.741
4	Declaration of a location	0.206	0.058	0.264
5	Retention Lease	1.233	0.307	1.540
6	Production Licence	2.422	0.530	2.952
7	Infrastructure Licence	0.067	0.021	0.088
8	Pipeline Licence	0.126	0.053	0.179
9	Special Prospecting Authority (SPA) and Access Authority (AA)	0.229	0.094	0.323
10	Transfers and Dealings	0.346	0.147	0.493
	Total	8.066	2.140	10.206

3.4 Design of cost recovery charges

NOPTA's cost recovery charges include an annual levy imposed on different types of titles (permits, leases and licences) and fees charged on applications made to the Titles Administrator for the approval of various matters relating to offshore petroleum titles. The charges were last reviewed in September 2013 and were changed through legislative amendment on 9 November 2013.

Based on data collected since the inception of NOPTA, it is estimated that 50% of titles due to expire are likely to be renewed in 2015-16, and that new titles are likely to offset cancellations. The numbers and types of applications vary significantly throughout any given year and are more difficult to predict with certainty.

Cost recovery levy

An Annual Titles Administration Levy (Levy) is imposed on holders of titles (permits, leases and licences). The levy is payable in accordance with the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Fees) Regulations 2004* upon the grant of a title and annually thereafter within 30 days of the anniversary of the title. Where a title is in force for less than twelve months, the levy is calculated for the remaining period of the Title.

The annual Levy makes up the majority of NOPTA’s revenue, approximately 85% in 2015-16, providing a stable revenue stream that is dependent upon the current number and type of titles in force. It is used to fund activities where it is not possible or practical to attribute their costs to a specific entity (e.g. industry wide monitoring, compliance and enforcement). This means there is a degree of cross-subsidy between Titleholders as the Levy does not necessarily reflect the effort associated with regulatory activities for particular Titleholders.

The focus of NOPTA’s activities in relation to titles is on assessing the technical and financial ability of applicants to carry out title related activities. Technical assessments of field development plans are more closely aligned to the number of blocks, whereas for pipeline licences the complexity of assessments varies depending on the length of the pipeline.

Table 5: Annual Titles Administration Levy revenue estimate 2015-16

Title Type	No. of titles	No. of blocks	Length Km	Levy Rate	Levy Amount	Outputs funded
Exploration Permit	194	NA	NA	\$9,781/title-	\$1,897,514	1, 2
Infrastructure Licence	3	NA	NA	\$22,500/title	\$67,500	7
Pipeline Licence	72	NA	3,958	\$52/km	\$205,816	8
Production Licence	93	308	NA	\$15,500/block	\$4,774,000	6
Retention Lease	58	233	NA	\$7,755/block	\$1,806,915	5
Levy Estimate					\$8,751,745	

Cost recovery fees

Application fees are payable in accordance with the *Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011* at the time that an application is submitted for approval to enable Titleholders to undertake certain regulated activities. Revenue from fees fluctuates from year to year as they are dependent on the timing, type and number of applications lodged by Titleholders. There were 704 applications in 2012-13 compared with 596 in 2013-14 and 503 from 1 July 2014 to 31 May 2015. There are also significant monthly variations ranging from 17 to 122 applications.

The volumes for 2015-16 were conservatively estimated at 26 applications per month, primarily based on the average of the three lowest numbers of monthly applications submitted throughout 2014-15 (August: 26, January: 17, March: 30).

NOPTA reviews its resourcing requirements on an ongoing basis and makes use of short-term contractors where appropriate in order to reduce its exposure to the fluctuation in numbers of applications.

The remaining 2015-16 budget to be cost recovered through fees is estimated at \$1,454,158. This does not necessarily represent the total cost of assessing applications listed below, as some costs are recovered through levies. Fees were last reviewed in September 2013 as part of an initial transition towards reducing the level of cross-subsidy

with levies. As a result some new application fees were introduced (Suspension and extension; variation; exemption, Declaration of a Location, Access Authority, Transfers and Dealings) in November 2013. It was recognized at that time that a further adjustment would be required at a later time in order to complete the transition. A comprehensive review of activities and rates is scheduled for 2015-16.

The fee rates were calculated in 2013 by dividing the estimated cost to be recovered for each type of application, by the estimated number of applications. The estimated cost was based on management estimates of the level of effort required for each output as shown in Table 1 above.

The revenue from application fees recovers approximately 15% of NOPTA's total budget expenditure in 2015-16.

Table 6: Application fees revenue estimate 2015-16

Offshore Petroleum and Greenhouse Gas Storage (Resource Management and Administration) Regulations 2011 Schedule 6: Application – Part 1 (petroleum)

Item and type of application	No. of applications	Fee	Fee Amount	Outputs funded
101 Work-bid petroleum exploration permit	30	\$8,183	\$245,490	1, 2
102 Special petroleum exploration permit	2	\$5, 220	\$10,440	1, 2
103 Cash-bid petroleum exploration permit	1	\$2,090	\$2,090	1, 2
104 Renewal of petroleum exploration permit (all types)	5	\$2,090	10,450	2
105 Petroleum retention lease (all types)	1	\$2,090	\$2,090	5
106 Renewal of petroleum retention lease (all types)	20	\$2,090	\$41,800	5
107 Petroleum production licence over a surrendered block	1	\$5,220	\$5,220	6
108 Petroleum production licence over an individual block	1	\$1,050	\$1,050	6
109 Petroleum production licence (other than in items 107 and 108)	1	\$2,090	\$2,090	6
110 Renewal of petroleum production licence (all types)	1	\$2,090	\$2,090	6
111 Infrastructure licence	1	\$2,090	\$2,090	7
112 Pipeline Licence	1	\$5,220	\$5,220	8
113 Variation of pipeline licence, s226	1	\$1,050	\$1,050	8
114 Petroleum special prospecting authority; Access authority	10	\$5,580	\$55,800	9
Suspension and extension; variation; exemption (per title), made under Part 2.11	100	\$5,340	\$534,000	3

Item and type of application	No. of applications	Fee	Fee Amount	Outputs funded
Declaration of location	3	\$7,596	\$22,788	4
Transfer	30	\$7,180	\$215,400	10
Dealing	100	\$2,950	\$295,000	10

Item and type of application	No. of applications	Fee	Fee Amount
201 Work-bid greenhouse gas assessment permit	NA	-	-
202 Cash-bid greenhouse gas assessment permit	NA	-	-
203 Renewal of greenhouse gas assessment permit	NA	-	-
204 Greenhouse gas holding lease (all types)	NA	\$1,835	-
205 Renewal greenhouse gas holding lease	NA	\$1,835	-
206 Greenhouse gas injection licence	NA	\$1,835	-
207 Greenhouse gas search authority	NA	-	-
208 Greenhouse gas site closing certificate	NA	\$4,590	-
Fees Estimate			\$1,454,158

4 RISK ASSESSMENT

The overall risk rating of the cost recovered activity has been assessed by NOPTA as medium using the cost recovery risk assessment template mainly because the charges involve both fees and levies.

The major budget risk for NOPTA would be a significant increase or decrease in the number applications for new titles and/or applications for various activities relating to existing titles.

To mitigate exposure to potential downturns in the offshore petroleum industry, NOPTA aims to retain a reserve of 10-20 per cent of its annual budget as a financially responsible measure. This also enables NOPTA to meet its ongoing monthly expenses, asset replacements and potential unplanned expenditure. NOPTA is resourced on a 'steady state' basis, with no significant growth or reduction in the offshore petroleum activities, and will work with industry to agree on appropriate actions in order to limit any significant fluctuations in rates of the annual Levy and fees.

For significant increases in industry activity, NOPTA will use short-term contractors as appropriate.

The structure for the annual Levy is relatively easy to calculate, involving a fixed rate per title for an Exploration Permit or an Infrastructure Licence, a fixed rate multiplied by a known number of kilometres or part thereof for a Pipeline Licence, and a fixed rate multiplied by a known number of blocks for a Production Licence or retention Lease.

The application fees are also calculated by applying a fixed rate to the type of application submitted.

The structure of both levies and fees were last reviewed in September 2013 as part of an initial transition towards reducing the level of cross-subsidy with levies. It was recognized at that time that a further adjustment would be required at a later time in order to complete the transition to improve transparency and equity among Titleholders. A comprehensive review of activities and rates is scheduled for 2015-16.

The financial value of each activity is not considered material, and as charges are for a specific industry, the offshore oil and gas sector, and involves ongoing consultation with industry representatives, this is not considered sensitive.

NOPTA continues to monitor the cost recovery arrangements to ensure that they remain cost effective and equitable among Titleholders.

5 STAKEHOLDER ENGAGEMENT

NOPTA consults with its key stakeholders on a regular basis, and conducted its inaugural stakeholder survey in May 2015, through a third party, KPMG. Approximately 80% of Titleholders responded to this voluntary survey, along with Commonwealth/State/Territory Government representatives and industry bodies.

The key findings reported by KPMG on 29 May 2015 were:

“Overall, this survey indicated a high level of satisfaction with NOPTA’s performance, role and function. Stakeholders engage with staff frequently, and consider them to be competent and professional. Its information is seen as useful, accessible and timely, and the organisation is considered to be collaborative and demonstrate commitment to continuous improvement. Stakeholders strongly consider that the creation of NOPTA, and the way it operates, have improved the offshore petroleum regulatory framework and reduced unnecessary burden on the industry to a large extent, and almost all stakeholders consider that the introduction of NOPTA has reduced duplication of effort between agencies administering the offshore petroleum regulatory framework.”

As the purpose of this CRIS is to bring it in line with the requirements of the revised Australian Government Cost Recovery Guidelines released in July 2014, and there are no changes that impact stakeholders, NOPTA did not seek external input.

However, a review of NOPTA’s activities, cost effectiveness and appropriateness of charges to minimise cross-subsidy is scheduled prior to 30 June 2016.

6 FINANCIAL ESTIMATES

Financial estimates for the 2015-16 budget year and three forward estimates as published in the Portfolio Budget Statements 2015-16¹³ are provided below in table 11.

¹³ [Budget 2015-16, Portfolio Budget Statements 2015-16, Industry and Science Portfolio.](#)

Table 11: Summary of financial estimates

	2015-16 Budget \$000	2015-16 Update \$000	2016-17 Budget \$000	2017-18 Budget \$000	2018-19 Budget \$000
Expenses	10,206		10,206	10,206	10,206
Revenue	10,206		10,206	10,206	10,206
Balance	-		-	-	-
Cumulative Balance	1,907		1,907	1,907	1,907

NOPTA aims to retain a cash reserve of between 10 and 20 per cent of its annual budget as a financially responsible measure to mitigate exposure to potential downturns in the offshore petroleum industry, meet its ongoing monthly expenses, asset replacements and potential unplanned expenditure.

7 A) FINANCIAL PERFORMANCE

The following table 12 shows the historical financial performance of NOPTA since its inception on 1 January 2012.

Table 12: Summary of financial performance 1 January 2012 to 30 June 2014

	2011-12 \$000	2012-13 \$000	2013-14 \$000
Expenses	4,046	8,003	10,067
Revenue	2,848	9,737	11,438
Balance	(1,198)	1,734	1,371
Cumulative Balance	(1,198)	536	1,907

B) NON-FINANCIAL PERFORMANCE

NOPTA's performance measures were last reviewed in the first quarter of 2015 and a new Corporate Plan 2015-2017¹⁴ was released in March 2015. The Corporate Plan lists various performance measures adopted by NOPTA and includes Key Performance Indicators as part of the Regulatory Performance Framework.

A key element in performance measurement is the annual survey of key stakeholders.

The inaugural Stakeholder Survey was completed in May 2015.¹⁵ The key findings included:

“Overall, this survey indicated a high level of satisfaction with NOPTA’s performance, role and function. Stakeholders engage with staff frequently, and consider them to be competent and professional. Its information is seen as useful, accessible and timely, and the organisation is considered to be collaborative and demonstrate commitment to continuous improvement. Stakeholders strongly consider that the creation of NOPTA, and the way it

¹⁴ NOPTA Corporate Plan 2015-2017.

¹⁵ KPMG Stakeholder Survey Report – National Offshore Petroleum Titles Administrator 29 May 2015.

operates, have improved the offshore petroleum regulatory framework and reduced unnecessary burden on the industry to a large extent, and almost all stakeholders consider that the introduction of NOPTA has reduced duplication of effort between agencies administering the offshore petroleum regulatory framework.”

NOPTA will continue to survey its stakeholders and report on its Key Performance Indicators:

KPI 1	NOPTA does not unnecessarily impede the efficient operation of Titleholders.
KPI 2	Communication with Titleholders is clear, targeted and effective.
KPI 3	Actions undertaken by NOPTA are proportionate to the regulatory risk being managed.
KPI 4	Compliance and monitoring approaches are streamlined and coordinated.
KPI 5	NOPTA is open and transparent in its dealings with Titleholders.
KPI 6	NOPTA actively contributes to the continuous improvement of regulatory frameworks.

The outcome of the annual survey will be reported in the CRIS.

8 KEY FORWARD DATES AND EVENTS

Key dates and events for the cost recovered activity include:

30 Sep 2015	Update financial data.
30 Nov 2015	Next scheduled stakeholder engagement round.

9 CRIS APPROVAL AND CHANGE REGISTER

Date of CRIS change	CRIS change	Approver	Basis for change
June 2015	Certification of the CRIS	Secretary	Compliance with new Cost Recovery Guidelines