

NATIONAL OFFSHORE PETROLEUM TITLES ADMINISTRATOR

STATEMENT OF EXPECTATIONS – OCTOBER 2019

This Statement of Expectations sets out my expectations, as the responsible Commonwealth Minister under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act), as to the exercise by the National Offshore Petroleum Titles Administrator (Titles Administrator) of the functions and powers conferred on it under the OPGGS Act and associated regulations.

Overview

The Titles Administrator is a Senior Executive Service (SES) level employee within my department. The Titles Administrator is appointed by the Secretary of my department and is assisted by employees within the department in order to discharge its duties under the OPGGS Act.

Organisationally, the Titles Administrator (and the National Offshore Petroleum Titles Administrator (NOPTA) Branch, which supports the Titles Administrator) sits within the Resources Division of my department. However, the Titles Administrator operates independently to the extent necessary to administer the OPGGS Act and associated regulations, under which functions and powers are conferred on or delegated to the Titles Administrator. The operational expenses of the Titles Administrator are fully cost-recovered through fees and levies imposed on industry under the OPGGS Act and the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003*. This is reflected in The Titles Administrator's Cost Recovery Implementation Statement (CRIS).

Functions

The primary purpose of the Titles Administrator is to advise on and administer the OPGGS Act for Australia's offshore petroleum titles regime, to support the effective regulation of Australia's offshore oil and gas resources consistent with good oil field practice and optimum resource recovery.

Under the OPGGS Act and associated regulations, the Titles Administrator's functions include:

- advising the responsible Commonwealth Minister (both as a member of the Joint Authority and otherwise) and State and Northern Territory Ministers of the Joint Authority and their delegates.
- the day-to-day administration of offshore petroleum titles in Commonwealth waters in accordance with the OPGGS Act and associated regulations.
- decisions in relation to the approval and registration of transfers and dealings, including consideration of the technical and financial capacity of prospective titleholders.
- maintaining a public register of Commonwealth offshore petroleum and greenhouse gas titles.
- cooperating with NOPSEMA on matters relating to the administration and enforcement of the OPGGS Act and regulations.
- ensuring petroleum resource management is undertaken in accordance with the principles of good oilfield practice.
- implementing effective field performance monitoring strategies in order to secure optimum petroleum recovery for the benefit of the Australian community.

- engaging with titleholders on their performance in meeting regulatory obligations and expectations.
- in partnership with Geoscience Australia and the Western Australian Geological Survey, maintaining the National Offshore Petroleum Data and Core Repository (NOPDCR).
- collecting levies and fees in accordance with government policy and NOPTA's approved CRIS.
- maintaining a special account consistent with the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

I expect the Titles Administrator to exercise its functions and powers under the OPGGS Act, associated regulations and other applicable laws in good faith and to the best of its ability, and to be responsive, consultative, accountable and transparent.

Objectives

The primary purpose of the Titles Administrator is to advise on and administer the OPGGS Act for Australia's offshore petroleum titles regime.

The effective administration of Australia's offshore resources titles regime will help ensure that:

- exploration is undertaken in a timely and methodical manner.
- resources are developed at the earliest commercially viable opportunity, in line with the principles of good oilfield practice.
- titleholders seek to achieve optimal recovery of petroleum for the benefit of the Australian economy.
- resources are managed strategically to unlock regional value, reduce development/operating costs and accelerate production.
- industry collaboration and the efficient use of existing and future infrastructure is encouraged.
- late life assets are appropriately managed and decommissioning obligations are met.

Outcomes

I expect the Titles Administrator to:

- contribute to efficient decision-making by the Joint Authorities and the responsible Commonwealth Minister.
- deliver efficient, consistent and defensible decisions and authorisations.
- maintain a publicly available titles register and approvals tracking system for applications. This will include maintaining and improving the National Electronic Approvals Tracking System.
- continue to improve data quality, integration and access. This will include management of NOPDCR and implementing further enhancements to the National Offshore Petroleum Information Management System.
- minimise the risk to Government associated with late-life assets through the use of the full suite of functions and powers available.

- work collaboratively with NOPSEMA to improve end-to-end service to the industry and reduce costs without compromising regulatory integrity or independence, including on mid-to-late life assets and decommissioning matters.
- maintain strong relationships with key stakeholders including NOPSEMA, my department's Offshore Resources Branch, delegates of the Joint Authority, Geoscience Australia and the offshore petroleum and greenhouse gas storage industry.
- develop transparent metrics to benchmark and measure its performance, progress and success.

Providing effective and efficient regulation

I expect the Titles Administrator to act in accordance with leading regulatory practice in all its activities and to develop, maintain and implement policies, processes and communication practices to maximise efficiency, effectiveness and transparency, and minimise compliance costs. I expect the Titles Administrator to review its policies and procedures regularly and to identify areas for improvement necessary to achieve these objectives.

I expect the Titles Administrator to take a risk-based approach to titles administration, engagement with industry and compliance and enforcement, allowing for proportionate responses to risks suited to their size, nature, and complexity.

Regulatory change

The regular review of and ongoing improvement to existing regulations and regulatory practices is key to effective regulation. I expect the Titles Administrator to work collaboratively with policy owners to provide constructive input into regulatory change processes from an operational perspective, and to work with relevant government and non-government stakeholders to implement changes to regulations and regulatory practices.

Stakeholder engagement, consultation and transparency

Engagement with stakeholders including industry, government and the broader public is crucial to effective objective-based regulation, and to building and maintaining a competent capacity to regulate. Consequently, I expect the Titles Administrator to:

- continue to seek opportunities to improve stakeholder engagement mechanisms, increase transparency in processes, and promote public access to information about matters within its regulatory remit to the extent permitted by law.
- regularly review and, where necessary, adjust policies, protocols and operating procedures, to ensure it can respond to the changing social, technological and commercial context in which it operates.
- keep informed of technological developments in the offshore petroleum and greenhouse gas storage sectors, to ensure its can conduct its assessment and advisory activities in a timely manner and with vigour and expertise.

Reducing regulatory burden

The Australian Government is committed to reducing red tape and compliance costs for business and the community as a critical step towards improving Australia's productivity and competitiveness. It has implemented a framework for policy development and regulatory change through which to balance the costs and benefits of proposed regulations. This ultimately

aims to ensure individuals, businesses and community organisations are subject to as little regulation as possible while maintaining optimal risk management outcomes.

I expect the Titles Administrator to contribute to the deregulation process by looking for opportunities to remove duplication and streamline processes, reduce regulatory burden, improve efficiency and lift productivity.

The Australian Government also seeks to optimise the performance of regulators, including by supporting regulators to adopt consistent, risk-based approaches to regulatory administration. Government has therefore developed the Regulator Performance Framework (RPF) to measure the performance of regulators against key performance indicators (KPIs).

The Titles Administrator has the following KPIs, adapted from the KPIs outlined in the RPF:

- the Titles Administrator does not unnecessarily impede the efficient operation of titleholders.
- communication with titleholders is clear, targeted and effective.
- actions undertaken by the Titles Administrator are proportionate to the regulatory risk being managed.
- compliance and monitoring approaches are streamlined and coordinated.
- the Titles Administrator is open and transparent in its dealings with titleholders.
- the Titles Administrator actively contributes to the continuous improvement of regulatory frameworks.

I expect the Titles Administrator to adhere to the principles of the government's regulatory reform agenda and to work diligently to meet its KPIs.

Operations

To ensure the independence of its advice and decisions, the Titles Administrator operates autonomously from policy agencies, as well as from agencies that promote the development of Australia's offshore petroleum and greenhouse gas storage industries. I expect the Titles Administrator to provide merit-based advice, and to make decisions and recommendations based on the material evidence with which it is presented.

In order to undertake its duties in the most efficient manner, I expect the Titles Administrator to:

- maintain appropriate staffing numbers within the NOPTA Branch, with the necessary competence and technical proficiency to assist the Titles Administrator to fulfil its regulatory responsibilities.
- operate on a full cost-recovery basis from industry levies and fees in accordance with the Australian Government Cost Recovery Policy and the requirements of the PGPA Act.
- maintain governance arrangements that promote independence, transparency and cost efficiency.
- maintain secure, reliable and responsible information technology systems.

The Titles Administrator engages regularly with risk and with risk assessment connected to titles administration and resource management. To effectively analyse and assess these risks, I expect the Titles Administrator to:

- maintain a transparent, systematic and well-documented risk management framework, to assist in identifying and evaluating regulatory risk,¹ and to allocate resources to match identified priorities.
- have in place sound information management systems that record decisions of the Titles Administrator and the Joint Authority.

¹ Regulatory risk is an actual or potential event or circumstance that interferes with the achievement of a regulation policy objective or administration outcome. It can be categorised into two broad groups:

- risk that affects a regulator's ability to effectively administer regulation; and
- risk that decreases a regulated entity's ability or willingness to comply with regulatory requirements