



Australian Government
**Department of Industry,
Innovation and Science**

Senator Jane Hume
Chair
Senate Economics Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Hume

On reviewing the Proof Hansard of the testimony given by the department at the Senate Estimates hearing on 26 October 2017, we find that some of the information provided to the Committee would benefit from clarification and correction.

The following exchanges occurred between Senator Georgiou and Mr Graeme Waters, National Offshore Petroleum Titles Administrator:

Exchange one

Senator GEORGIU: If, for example, you've granted a licence, after the five years, if it's not renewed, does it go back into the mix of other companies who want to pick up that licence?

Mr Waters: Generally speaking, a company that holds a retention lease will seek it renew it and, provided the conditions that the field is not commercial still prevail, the lease can be renewed for another five-year term. In fact, I know of no cases where a retention lease has been handed back, but what you just described is what would happen if a company did do that. It would revert to vacant acreage.

Senator GEORGIU: So no retention lease has ever been handed back?

Mr Waters: Not to my immediate knowledge, no. Some renewals have been refused, and in one case it did revert to vacant acreage. In other cases the companies applied for and were granted production licences. The trigger here is whether or not the field is deemed to be commercial. If it is commercially viable, the joint authority may refuse the retention lease application, grant or renewal, and the company then has 12 month to submit a production licence application. I believe that's happened on three occasions.

I have reviewed our records and can confirm, since the commencement of the National Offshore Petroleum Titles Administration in 2012, four retention leases have reverted to vacant acreage. One was surrendered and three were allowed to expire.

Exchange 2

Senator GEORGIU: I just want to turn my attention to the North West Shelf gas field. In the North West Shelf gas field, royalties apply to two exploration permits, being WA-28-P. Is that correct?

Mr Waters: They would be production licences, not exploration permits.

Senator GEORGIU: Royalties apply to these two permits?

Mr Waters: And others.

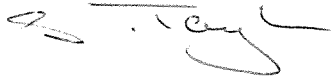
Senator GEORGIU: And WA-1-P, apparently.

The two titles which Senator Georgiou has referenced in relation to the *Offshore Petroleum (Royalty) Act 2006 (Royalty Act)* (the Royalty Act), WA-28-P and WA-1-P, are exploration permits not production licences as Mr Waters stated.

As Senator Georgiou stated the Royalty Act only applies to titles (exploration permits, retention leases and production licences) which have derived from WA-28-P and WA-1-P (see Definition, section 4 of the Royalty Act). Most commonly royalties are payable on petroleum recovered under a production licence derived from WA-28-P or WA-1-P.

I apologise for any inconvenience caused and ask that you alert other members of the Committee to these corrections.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S. Taylor', written in a cursive style.

Steven Taylor
A/g General Manager
National Offshore Petroleum Titles Administrator

22 November 2017