

Monitoring and compliance strategy for onshore petroleum

July 2019

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Acronyms

You will find the following acronyms in this document.

Acronyms	Full form
ANAO	Australian National Audit Office
DENR	Department of Environment and Natural Resources
DPIR	Department of Primary Industry and Resources
EIS	Environment Impact Statement
EMP	Environment Management Plan
G&G	Geophysical and Geological (G&G) Surveys
NT	Northern Territory
NTEPA	Northern Territory Environmental Protection Authority
Q&A	Questions and Answers
SA	South Australia
WIMP	Well Integrity Management Plan
WOMP	Well Operations Management Plan

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Foreword

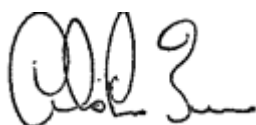
The Territory is gifted with both a unique environment and significant natural resources. It is estimated that the Northern Territory has more than 500 trillion cubic feet of prospective gas resources situated across six onshore basins; enough energy to power two hundred cities of one million people for twenty years. Northern Territory oil and gas has the potential to significantly contribute to the Territory and Australian economies and will play an important role in providing energy security for our nation and strategic partners, particularly those in Asia.

The Northern Territory Government is committed to ensuring that the extraction of our natural resources is undertaken in a manner that benefits all Territorians, minimises the risks to the environment and does not create legacies of degradation or contamination for future generations.

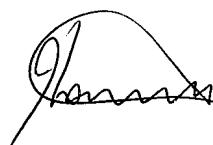
In March 2018 the Honourable Justice Rachel Pepper handed down the Final Report of the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory which established a robust suite of recommendations to guide the future development of the Northern Territory's petroleum resources. One of the pillars of these recommendations is to develop and implement a comprehensive and transparent compliance and monitoring strategy to regulate any future on-shore gas industry.

To be effective in protecting the environment and the integrity of the regulatory regime, compliance must be monitored and non-compliance appropriately addressed. A compliance monitoring strategy is one of the key risk management tools used by regulators to clearly communicate what the expectations and obligations are on the regulated industry and to inform the public on how the Government will monitor and address non-compliance. However, regulation is not a one size fits all model and regulators must utilise an array of strategies. Where regulatory risks are low and where industry has the higher level of technical expertise, forms of self-regulation that involve detailed management systems and robust reporting, data submissions and internal audit systems can be established to achieve the Government's regulatory objectives. Where the regulatory risks or impacts are higher and/or in cases of reckless or wilful non-compliance more persuasive or compulsive enforcement approaches will be utilised to ensure that the Government's regulatory objectives are met.

Both the Department of Primary Industry and Resources and the Department of Environment and Natural Resources share co-regulatory responsibilities in implementing this Strategy. Stakeholder expectations influence the setting of standards of compliant behaviour and the response to non-compliance. All Territorians are stakeholders in the development of an onshore petroleum industry. It is our intention that the Northern Territory will, over time, develop a world class onshore petroleum industry. This Monitoring and Compliance Strategy will be a significant tool in achieving these goals.



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and Resources



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Introduction

This document establishes the Northern Territory Government's compliance and monitoring strategy that will consistently and transparently implement the key legislative and regulatory requirements of the *Petroleum Act 1984*, the *Petroleum Regulations 1994* and the *Petroleum (Environment) Regulations 2016*, as well as other interrelated legislation. This document has been developed to deliver on recommendation 14.26 of the Final Report of the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory (the Inquiry Report). It has been developed in consideration of the principles set out in the Australian National Audit Office (ANAO) Administering Regulation: Achieving the right balance guide, and the Petroleum and Geothermal Energy Act Compliance Policy in South Australia.

The long term development and success of the petroleum industry in the Northern Territory will rely on the reputation, performance and accountability of all stakeholders. The protection of people and the environment in the petroleum industry is the responsibility of all parties and individuals involved. The regulated industry must develop, implement and maintain robust safety, infrastructure and environmental management systems that maintain the integrity and reputation of the industry and its associated social license to operate.

A best practice regulatory regime requires effective and transparent communication so that industry and regulators have a clear understanding of the objectives they are seeking to achieve compliance with and so the community can be confident that non-compliance is actively managed in a thorough and proportionate way. The delivery of effective monitoring and compliance can also benefit and reward industry by protecting the reputation of those doing the right thing and providing clear and proportionate consequences for not complying with the agreed standards, codes of practice and conditions.

Significant innovation and technological developments are often led by industry as they seek competitive advantage and cost reductions to meet their regulatory obligations. Industry is therefore often best placed to design and implement practical and appropriate solutions to ensure the desired outcomes are achieved. Promoting and encouraging industry's early adoption of these new technologies necessitates having a well-developed outcome and risk based regulatory approach that is flexible where risks are low and prescriptive where risks are high, whilst remaining focussed on achieving best practice standards.

Where Government decides that the outcomes proposed to be achieved, and the systems and strategies to achieve these outcomes have reduced the environmental impacts and risks to as low as reasonably practicable and the Environment Management Plan is approved, compliance with these commitments will then become mandatory. Both industry and the regulator will regularly monitor, review and update any residual risks.

Where there is a chance of significant adverse consequences, these responsibilities and accountabilities will be assigned to the most senior management levels within companies and risk management will be implemented into strategies, planning and decision making.

Recommendations 14.27 through to 14.33 from the Inquiry Report require significant revisions to the compliance and enforcement provisions of the *Petroleum Act 1984* and *Petroleum (Environment) Regulations 2016*. Policy development in relation to these recommendations has commenced and will be completed prior to shale gas production activities commencing. Once these recommendations are completed, they will be reflected within this strategy.

Roles and responsibilities

There are several key pieces of legislation and other statutory instruments that regulate the onshore petroleum industry:

- *Petroleum Act 1984*;
- *Petroleum Regulations 1994*;
- *Petroleum (Environment) Regulations 2016*;
- *The NT Schedule of Exploration and Production Requirements 2019*;
- *Code of Practice: Onshore Petroleum Activities in the Northern Territory*
- *Environment Assessment Act 1982* (to be replaced with the *Environment Protection Act*);
- *Waste Management and Pollution Control Act 1998*; and
- *Water Act 1992*.

To ensure independence and accountability, the Northern Territory Government has implemented a clear separation between the agency responsible for promoting the onshore petroleum industry and the agency with responsibility for regulating the environmental impacts and risks associated with the industry.

The Department of Primary Industry and Resources (the Resource Regulator) has the principal functions of:

- promoting land release;
- managing titles, access;
- managing securities;
- assessing and approving Well Operations Management Plans (WOMP);
- assessing and approving Well Integrity Management Plans (WIMP);
- activity and production reporting;
- providing technical and operational standards and codes of practice;
- providing information and assessment of exploration permits, retention licences and production licences.

The Department of Environment and Natural Resources (the Environment Regulator) has the principal function of:

- liaising with industry prior to lodging applications regarding environmental planning and management requirements for proposed projects;
- assessing the project specific environmental risks and impacts as provided through the environment management plan (EMP) and/or environmental impact statement (EIS);
- providing assistance to the Northern Territory Environment Protection Authority (NTEPA) and Minister for Environment and Natural Resources in determining whether an EMP approval should be granted and appropriate environmental standards and conditions to be included;
- monitoring and auditing compliance with EMPs and environmental legislative requirements; and
- making enforcement decisions and recommendations to the Minister for Environment and Natural Resources for environmental offences.

Both agencies will work cooperatively and utilise a range of compliance and enforcement regulatory tools and actions, ranging from simple guidance and advice to persuasive, compulsory and ultimately punitive measures as outlined in this Strategy.

Incident notifications, inspections, audits and compliance actions will be coordinated between both agencies and comprehensive public reporting of overall compliance of the onshore petroleum

industry will be undertaken annually, in addition to the rapid public notification of incidents and routine monitoring data release requirements of the Petroleum (Environment) Regulations 2016.

Key compliance principles

1. Risk Based

The primary and initial responsibility for detecting and rectifying non-compliance lies with the interest holder not the regulator. This Strategy will ensure appropriate resources and response actions are allocated to high priority regulatory risks as determined with reference to the Final Report of the Scientific Inquiry into Hydraulic Fracturing in the Northern Territory, national and international experiences and the project-specific environmental authorisation. The response to non-compliance will reflect a balance between the potential or actual harm to the public good such as environmental and cultural values. High priority risks will include the initial entry into the regulated industry of an interest holder and maintaining the integrity, reputation and public confidence in the regulatory system.

2. Robust and Fair

Monitoring and compliance will be based on evidence gathered through analysis of routine data submissions, incident reports, industry self-notification and proactive compliance inspections by the regulators and reporting from the public. Compliance will be monitored and non-compliance responded to in an appropriate manner. The regulator will take action to maximise the future level of compliance. The response to non-compliance will reflect the level of recklessness and wilfulness of the actions resulting in non-compliance. Regulation is not a one size fits all model and delivery will be flexible and utilise an array of strategies whilst still remaining fair, consistent and proportionate to the risks.

3. Transparent

Transparency in compliance and regulation provides confidence for the public and sets clear expectations for industry. This Strategy and performance against it will be based on the effective communication of obligations and rights and the public disclosure of non-compliance actions. Monitoring data, incident reports, compliance reports and decisions relating to approval and enforcement will be continuously tracked and made publicly available. The Strategy will initially be reviewed annually to ensure that it is addressing poor compliance and enforcement expectations.

4. Skilled and experienced staff

This Strategy will be delivered by government staff with experience and training in investigation and regulation and both agencies will ensure that investigating officers have the appropriate skills and knowledge to undertake thorough investigations of non-compliance. This is further outlined in 'Regulatory Capabilities' below. Where necessary, third party experts will be called upon for advice to supplement experience within the Government.

Effective stakeholder relationships

This Strategy promotes and values continued engagement and communication between the regulators, industry and the community. Expectations and information will be communicated to stakeholders in accessible formats and be readily available through different platforms. The titleholder's performance in stakeholder engagement will be monitored and assessed.

A process of self-evaluation, review and adaptation will ensure that the regulators performance in stakeholder engagement is monitored and assessed.

The regulators will encourage and help to build an improved voluntary compliance culture within industry and will support innovation and stewardship by industry leaders. A transparent approach to information sharing will underpin this Strategy to ensure that stakeholders are informed and educated about their regulatory obligations and expectations. Demonstrated industry compliance with a rigorous and transparent compliance regime over time will be rewarded by regulators through measures to reduce regulatory burden, whilst continuing to uphold high compliance standards.

Authorising entry into the onshore petroleum industry

Authorising entry into any regulated industry is identified as a high priority risk for a regulator. The capacity and integrity of the proposed industry member can, ultimately, affect the overall social licence that assists the industry to operate and potentially impact negatively on the industry's reputation and the physical environment. Entry will be restricted where regulatory requirements are not or cannot be met.

To ensure that the proposed industry member has all the available information to comply, the regulator will provide:

- Well-designed registration, licensing and entry processes that are streamlined and proportionate to the complexity of the regulatory regime.
- Accessible, clear and comprehensive guidance, including practical examples of the type of information required and frequently asked Q&A's, to assist applicants in preparing and submitting applications for licenses, permits or EMPs.
- Financial and technical capability assessment of the interest holder and a comprehensive fit and proper person test. A key element being to test the interest holder's understanding of the regulatory requirements and past regulatory performance in the Northern Territory and other jurisdictions.
- Fully documented assessment approval decision making procedures with an assessment methodology that is risk based, taking account of the applicant's level of experience in the regulated industry.
- Trained and qualified assessors with appropriate technical and operational expertise and experience and provide a key point of contact for proponents and other stakeholders in relation to ongoing assessment and compliance actions with the department.
- Public release of statements of reasons for all environmental authorisations.
- Consideration of stakeholder comments in the EMP assessment process for drilling and hydraulic fracturing activities.
- Provision of formal advice regarding environmental assessments by the independent NTEPA.
- Approval decisions made by independent decision makers with no actual or perceived conflicts of interest by ensuring separation of environmental approval decisions from responsibility for promotion of the industry.
- A commitment to timely and responsive processing of applications.
- Conditions on operation and environment approvals will support policy objectives and be specific, measurable, achievable, reasonable and proportionate to the risk. Conditions will be monitored and enforced.
- Internal quality control and review processes that will support the sound evaluation of entry decisions and verify that the supporting systems and processes are operating as intended, and that the officers assessing applications have the required knowledge, skills and experience.
- Periodically review application processes and cost recovery arrangements to ensure they meet legislative requirements and are cost effective and do not impose excessive compliance costs on industry.

Decision making

To provide stakeholders with the confidence that actions taken in relation to evidence of non-compliance are made lawfully at the appropriate level by suitably qualified staff and free from bias, a high degree of transparency is required.

To improve the efficiency, consistency and transparency of **decision making** in relation to non-compliance the regulator will:

- Maintain a minimum standard of documentation for all regulatory decisions to support accountability and transparency.
- Ensure staff are aware of minimum standards of documentation.
- Ensure all authority delegations are regularly reviewed and updated where required.
- Develop and implement conflict of interest policies and supporting procedures.
- Manage data and information in accordance with legislative and policy requirements.
- Require industry to include all non-compliance in their annual report, in accordance with this Strategy.
- Publish all non-compliance actions on the regulator's website in accordance with this Strategy.
- Publish industry-wide non-compliance information including environmental and operational matters in an annual Petroleum Act Compliance Report.

Third party complaint handling

To improve the efficiency, consistency and transparency of **complaint handling** the regulator will:

- Establish, maintain and support the Onshore Gas Compliance Hotline (Compliance Hotline) as a mechanism to allow for public reporting of potential non-compliance of the onshore petroleum industry in the Northern Territory (including anonymous reporting).
- Regularly monitor complaint handling arrangements, the nature of complaints and the outcomes of internal reviews to identify areas for improvement.
- Advise all complainants of the findings, decision or outcomes following investigation.

The 24 hour toll free hotline is: **1800 413 889**.

Calls can be made anonymously.

Monitoring compliance

This Strategy promotes a strong culture of accountability, self-monitoring and reporting from Industry. The primary responsibility for monitoring compliance with environment management plans, operational licence conditions, codes of practice and national and international standards will reside with the interest holder.

The regulator will undertake active compliance monitoring and surveillance to detect non-compliance. Awareness of these activities by the interest holder will focus attention of the interest holder on compliance and therefore help prevent future non-compliance.

Compliance monitoring and surveillance activities by the regulator will utilise a combination of different tools, which may be either reactive (e.g. submission of information, data and reports by interest holders as required under the Act and Regulations) or proactive (e.g. field inspections, attending facility design and risk assessment workshops, interest holder validating requesting information, documentation and reports).

Appropriate levels of surveillance are established based on systematic risk assessments undertaken by the regulators which are in part formed by information provided in company reports and also the results of submitted self-assessments as part of regular reports on systems suitability, environmental compliance and incident reports. This information will inform the development of detailed annual compliance monitoring and surveillance programs which will be undertaken by the regulator.

The regulator will:

- Require the interest holder to notify the regulator of all non-compliance matters.
- Build in flexibility to the monitoring schedule so that unscheduled activities may be undertaken as required.
- Plan individual monitoring activities to target higher priority risks.
- Develop a system of risk based compliance monitoring surveillance over time which recognises exceptional compliance performance by the interest holder by reviewing and adjusting monitoring schedules.
- Similarly, where compliance performance deteriorates, monitoring and surveillance will be increased, with the possible sanction of directing independent third party audits.

Monitoring schedules

The nature, scale, timing and environmental values of the specific project location all have a major impact on the potential risks. Operations can be broadly classed into three key phases of exploration, production and decommissioning. The regulators' monitoring schedules need to be flexible and tailored to meet these differing requirements of each phase of operations.

The Department of Primary Industry and Resources has committed to 24 onsite regulatory inspections for petroleum activities in 2019-20, as detailed in the Agency's Key Performance Indicators, within the NT Government's Budget Paper 3 for 2019-20.

The Department of Environment and Natural Resources is presently developing its compliance monitoring program which will be published on its website. This monitoring program will be targeted to the environmental impacts and risks identified in the Environment Management Plans currently being considered for approval.

As an indicative guide, the following operational elements are likely to attract monitoring actions, whether it be through reporting, inspections or audits, and dependent on the level of risk.

1. Exploration

- Initial site establishment (including native vegetation clearing)
- Geophysical and Geological (G&G) Surveys
- Drilling and well construction
- Civil construction
- Well testing
- Well interventions, activities and workovers
- Well decommissioning
- Site rehabilitation

2. Production

- Safety and System Integrity testing and maintenance
- Management Plan Implementation Strategies
- Drilling and well construction
- Vegetation clearing
- Civil construction
- Geophysical and Geological surveys
- Well interventions, activities and workovers
- Facilities construction, operations and maintenance
- Site rehabilitation
- Transportation

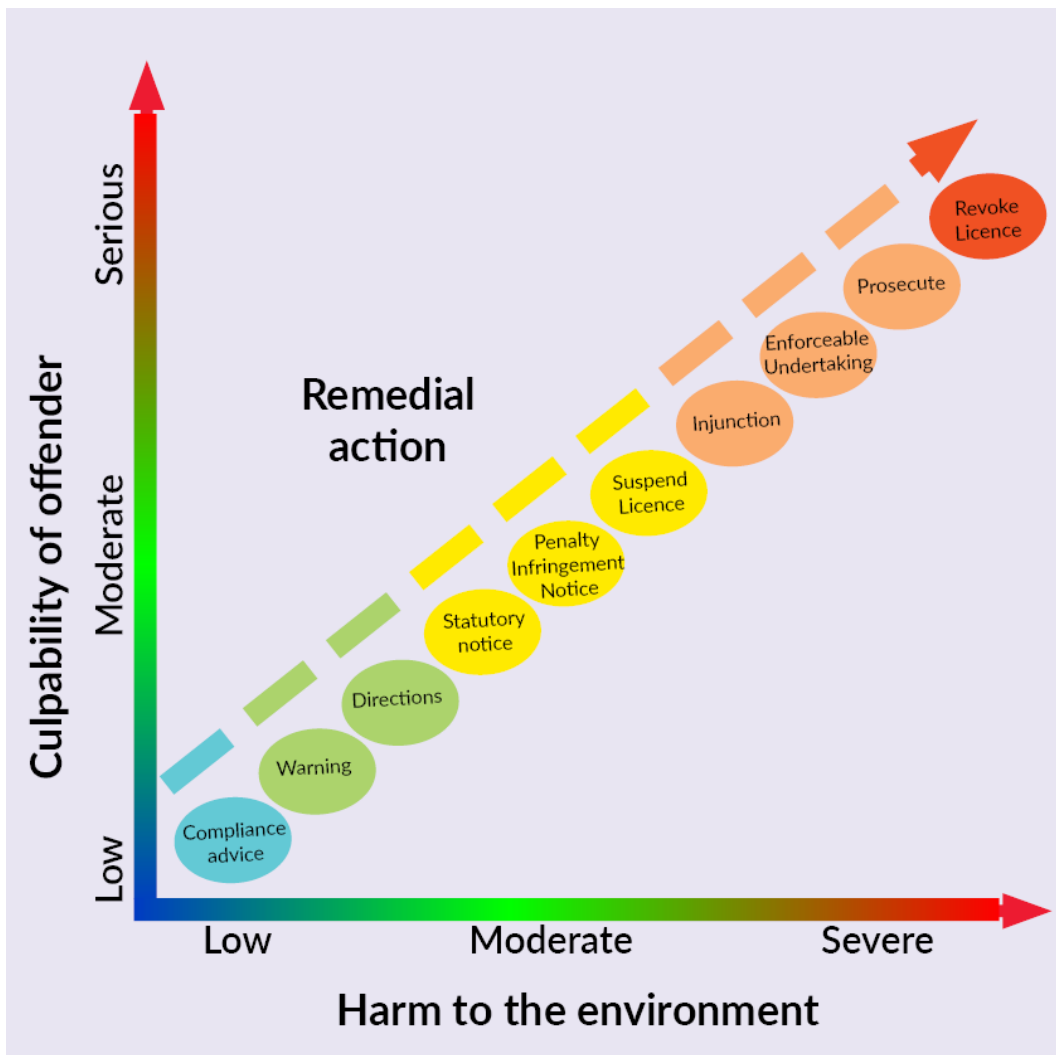
3. Decommissioning and Rehabilitation

- Well abandonment or decommissioning
- Facilities removal
- Site rehabilitation
- On-going monitoring and reporting

Enforcing compliance

Industry will be held responsible and accountable for their performance and compliance with the Northern Territory’s legislation, regulations, operating conditions, codes of practice and standards. The regulators will use a set of tiered responses to address potential non-compliance, focussing on prevention rather than cure. This will involve encouraging and assisting interest holders to understand their responsibilities and fostering a culture of continuous improvement and innovation in an environment of exceptional corporate accountability and regulatory compliance.

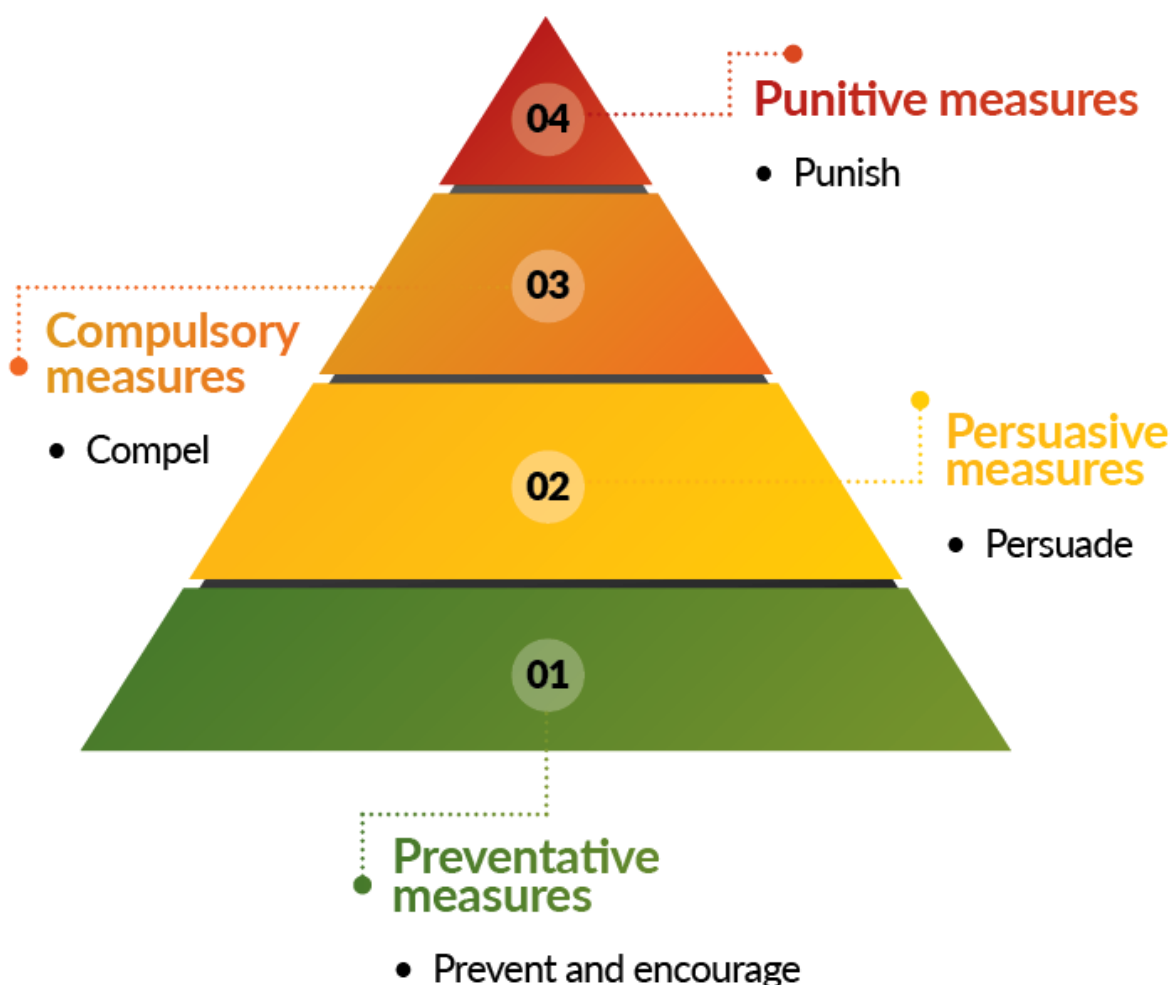
Early detection and reporting of non-compliance to avoid adverse impacts and taking immediate actions to correct non-compliance will be the preferred approach. However, this tiered approach to the enforcement of compliance will be commensurate and proportional with the level of potential risk of environmental harm and the culpability of the proponent as illustrated in the matrix below.



Although this Strategy allows for a gradational approach to compliance and enforcement, the regulator will take immediate and strong action if companies deliberately or repeatedly do the wrong thing or where potential environmental harm is high.

Information, education and expectation will form the foundation of ensuring compliance and natural justice, through the clear communication of legal obligations, will underpin the actions of the regulator in upholding the Northern Territory’s legal, social and environmental requirements.

The regulatory tools available for use are set out in the various measures below.



PREVENT AND ENCOURAGE > PERSUADE > COMPEL > PUNISH

1. Prevention of non-compliance

Measures to prevent non-compliance are utilised to educate and encourage the interest holder to self-regulate and self-monitor and to take accountability for compliance with requirements. The regulated industry has a large stake in maintaining their social licence (both operational and environmental reputation) and the regulator must make the best use of resources in a manner that maintains public confidence in the integrity of the regulatory system and utilises public resources wisely. Preventative measures, are those low level educative actions that do not trigger mandatory reporting by the interest holder or the regulator and rely rather on education, awareness of obligations, self-assessment and incentives to comply.

Preventative non-compliance measures may include:

- Ensuring legislation, fact sheets, web-sites and codes of practice are up to date and provide comprehensive information for the regulated industry so that expectations and obligations are understood.

- Ensuring that the tiered approach to monitoring and compliance is clearly known through maintaining and promoting this Strategy.
- Providing education and support to the various project elements and phases.
- Thorough assessment and feedback on work programs to minimise risks and impacts.
- Maintaining open relationships and promoting direct contact between the regulator and industry through email, telephone and site visits.
- Maintaining risk based approach monitoring, auditing and reporting to prevent non-compliance.
- Providing natural justice to the interest holder in writing. Natural justice is characterised as clearly explaining to the interest holder what the problem is, what needs to be done to rectify it and what will happen if it is not done, most importantly noting that any further action from the regulator will be an escalation into persuasive or other statutory compliance responses.
- Ensuring that when a non-compliance matter is to be elevated to persuasive non-compliance measures, that this information is escalated to a higher level in the offending company.

2. Persuasive non-compliance measures

Persuasive non-compliance measures are triggered by communication and management system failures where either previously informal identification (through phone calls, face to face meetings and email) of non-compliance has not been addressed or non-compliance has not been detected or reported by the interest holder or where performance has continued to deteriorate. Non-compliance at this level can be characterised by the interest holder starting to undermine the integrity of the regulatory regime, absorbing more of the regulator's resources than would normally be expected, potentially risking the reputation of the industry as a whole and potentially risking harm to either the public or the environment. At this level of non-compliance natural justice will have already been extended to the interest holder in writing.

All compliance actions in this category are **reportable actions** and must be disclosed in the company annual report and be published on the regulator's website.

Persuasive non-compliance measures may include:

- Formal written notice of non-compliance in writing from the Minister's delegate to formally detail and require action from the non-compliant interest holder to correct non-compliance.
- Formal written notice from the Minister or their delegate to 'show cause' as to why compulsive non-compliance measures should not be taken to correct non-compliance.
- Inspection and report from an Authorised Inspector.

3. Compulsive non-compliance measures

Compulsive non-compliance measures are triggered by a systemic failure at the interest holder management level where reasonable efforts by the regulator in accordance with this Strategy have failed to correct non-compliance or non-compliance of a serious nature has been detected. Non-compliance at this level can be characterised by a wilful disregard for compliance, or a continuing disregard of the regulator's attempts to encourage the voluntary correction of non-compliance thereby undermining the integrity of the regulatory system, absorbing more of the regulator's resources than would normally be expected, threatening the reputation of the industry as a whole and putting the social licence to operate and the public and/or the environment at risk of harm. At

this level of non-compliance natural justice will normally have already been extended to the interest holder in writing or will be extended through formal directions proportionate to the level of risk.

All compliance actions in this category are **reportable actions** and must be disclosed in the company annual report and be published on the regulator's web-site.

Compulsive non-compliance measures may include:

- Formal direction in writing from the Minister or their delegate, through legislation, to prohibit or restrict a particular activity as permitted under a licence or to undertake a particular action until the non-compliance has been rectified
- Formal direction in writing from the Minister or their delegate, through legislation, to require an independent audit at the expense of the interest holder of the operations non-compliance matters
- A change in reporting and monitoring requirements
- Revocation and amendment of a licence, permit or environment management plan to restrict or modify approved activities
- A formal regulatory investigation by authorised officers.

4. Punitive non-compliance measures

Punitive non-compliance measures are a last resort option for the regulator where the graduated application of this Strategy has failed to correct non-compliance or the non-compliance is of a scale and impact that warrants punitive action. Non-compliance at this level can be characterised by a wilful and continuing disregard of the regulator's attempts to encourage, persuade or compel the voluntary correction of non-compliance, undermining the integrity of the regulatory system, absorbing more of the regulator's resources than would normally be expected, threatening the reputation of the industry as a whole and putting the social licence to operate and the public and/or the environment at risk of harm or causing actual harm. At this level of non-compliance natural justice will already have been extended to the interest holder in writing or will be self-evident in the application of the law.

All compliance actions in this category are **reportable actions** and must be disclosed in the company annual report and be published on the regulator's website.

Punitive non-compliance measures may include:

- An administrative or financial penalty
- Civil or criminal legal proceedings
- Increase in Security requirements
- Licence cancellation

Enforcement options for regulatory breaches

Petroleum Act									Petroleum (Environment) Regulations								
Breach	Reference	Notice of non-compliance	Show cause letter	Directions on activities	Infringement penalties	Prosecution	Security variation	Licence cancellation	Breach	Reference	Notice of non-compliance	Show cause letter	Directions on activities	Infringement penalties	Prosecution	Security variation	Licence cancellation
Access authorities	57A(12)	Y	Y	Y	N	Y	Y	Y	Revision required for new or increased environmental impact or environmental risk	Regulation 17 (3)	Y	Y	Y	Y	Y	N	N
Access authorities	Section 57A (14)	Y	Y	Y	N	Y	Y	Y									
Annual reports	Section 59 (1)	Y	Y	Y	N	Y	Y	Y	Revision required at end of each 5 year period	Regulation 18 (2)	Y	Y	Y	Y	Y	N	N
Annual reports	Section 59 (2)	Y	Y	Y	N	Y	Y	Y									
Discovery of petroleum to be notified	Section 64 (1)	Y	Y	Y	N	Y	Y	Y	Minister may require revision	Regulation 19 (5)	Y	Y	Y	Y	Y	N	N
Discovery of petroleum to be notified	Section 64 (3)	Y	Y	Y	N	Y	Y	Y									
Access	Section 65 (3)	Y	Y	Y	N	Y	Y	Y	Submission by interest holder about revision required by Minister	Regulation 20 (3)	Y	Y	Y	Y	Y	N	N
Directions by Minister	Section 71 (1)	Y	Y	Y	N	Y	Y	Y									
Report on ceasing to hold exploration permit or licence area	Section 75 (1)	Y	Y	Y	N	Y	Y	Y	Modification to regulated activity	Regulation 22 (3)	Y	Y	Y	Y	Y	N	N
Removal of property on surrender, expiry or cancellation	Section 77 (2)	Y	Y	Y	N	Y	Y	Y									
Compensation to owners	Section 81 (2)	Y	Y	Y	N	Y	Y	Y	Change in existing environment	Regulation 23 (3)	Y	Y	Y	Y	Y	N	N
Inspectors	Section 87 (3)	Y	Y	Y	N	Y	Y*	Y*									
Powers of Inspectors	Section 88 (5)	Y	Y	Y	N	Y	Y*	Y*	Requirement for current plan	Regulation 30 (1)	Y	Y	Y	Y	Y	N	N
Power of Minister to require information as to proposed dealings	Section 98 (2)	Y	Y	Y	N	Y	Y	Y									
Production and inspection of documents	Section 99 (2)	Y	Y	Y	N	Y	Y	Y	Compliance with current plan	Regulation 31 (1)	Y	Y	Y	Y	Y	N	N
Licences required to explore and recover petroleum	Section 105	Y	Y	Y	N	Y	Y	Y									
Offences generally	Section 106	Y	Y	Y	N	Y	Y	Y	New or increased environmental impact or environmental risk	Regulation 32 (1)	Y	Y	Y	Y	Y	N	N
Continuing offences	Section 107	Y	Y	Y	N	Y	Y	Y									
False statements	Section 109	Y	Y	Y	N	Y	Y	Y	Notice of reportable incident	Regulation 33 (1)	Y	Y	Y	Y	Y	N	N
Offences in relation to Register	Section 110	Y	Y	Y	N	Y	Y	Y									
Environmental offences	Section 117AAC	Y	Y	Y	N	Y	Y	Y	Report about reportable incident	Regulation 34(1)	Y	Y	Y	Y	Y	N	N
									Report about recordable incident	Regulation 35(1)	Y	Y	Y	Y	Y	N	N
									Records to be kept	Regulation 36(1)	Y	Y	Y	Y	Y	N	N
									Making prescribed records available	Regulation 37(1)	Y	Y	Y	Y	Y	N	N
									Report about flow back fluid	Regulation 37(A)(3)	Y	Y	Y	N	Y	N	N

* On advice to the Minister

Above: Table demonstrating breaches under the *Petroleum Act 1984* and *Petroleum Environmental Regulations 2016*

Regulatory capability

Developing and maintaining the appropriate skills, knowledge and experience to effectively implement this Strategy is critical for the Northern Territory to secure the trust of the public and industry and to achieve its goal to be recognised as a world class hub for gas production, manufacturing and services by 2030.

The regulator will review training, retention and recruitment programs to make certain that they focus on developing and maintaining competencies that are essential for the effective regulatory administration of the onshore petroleum industry. The regulator will develop and maintain regulatory capability by developing operating procedures and guidance material, creating an information sharing environment, participating in professional networks and actively managing the retention of skilled and experienced regulators with a focus on professional development.

The skills that the regulator will develop and maintain to implement this Strategy will include:

- Risk and Quality Management skills.
- Technological tools – relevant knowledge and skills to use.
- Stakeholder Engagement and Management skills.
- Well-developed communication skills – well developed interpersonal skills to encourage stakeholder engagement to inspire confidence and create an effective public interface.
- Technical expertise – sound knowledge and understanding of the regulated industry.
- Data analysis and management – designing and implementing efficient and effective systems.
- Audit and inspection – training, planning and implementing targeted monitoring activities.
- Legal and criminal investigation – sound evidence gathering and investigative skills to underpin criminal prosecution.

Evaluating regulatory performance

To ensure that the Northern Territory achieves its goals of becoming a world class leader in the petroleum industry regulation, our performance against this Strategy will be measured and reported on annually, using a combination of self-assessment, audit and risk assessment and stakeholder and industry feedback, to demonstrate to stakeholders that the onshore petroleum industry and the regulator are conforming to legislative requirements and delivering the desired regulatory outcomes in a proportionate and responsive way. Effectiveness and efficiency indicators will be developed to support reporting for internal management and external accountability purposes. Each Department's key performance indicators and associated performance will be published on their website.

This Strategy and the associated Acts and Regulations will be reviewed to consider the effectiveness and efficiency of each agency's regulatory administration. Reviews will draw on previous compliance performance statistics and stakeholder views to understand their expectations about the effectiveness of the regulatory regime and whether an appropriate balance is being achieved in relation to risk, the underlying regulatory burden, and the efficiency and effectiveness of the regulatory regime.

A strategic review of the petroleum environmental regulatory framework will be undertaken following the first round of field activities in the 2019 dry season. This will specifically include a review of compliance monitoring arrangements and industry compliance performance and appropriate changes to this document will be made where required.

Policies for classes of breaches

To demonstrate consistency and transparency in regulatory decision making actions, a schedule of Policies for Classes of Breaches is being developed and will form part of this Strategy. These policies will primarily be guiding principles for industry and the regulator and do not replace the legislative requirements, burdens of proof or otherwise and remain flexible enough to acknowledge the variabilities of proportionality and culpability inherent in any non-compliance matter.