



# **Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Act 2022**

**No. 18, 2022**

**An Act to impose a levy on registered holders of  
petroleum production licences, and for related  
purposes**

Note: An electronic version of this Act is available on the Federal Register of Legislation  
(<https://www.legislation.gov.au/>)



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**No. 18, 2022**

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**An Act to impose a levy on registered holders of petroleum production licences, and for related purposes**

*[Assented to 1 April 2022]*

The Parliament of Australia enacts:

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*No. 18, 2022      Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Act 2022      1*

## Section 1

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### 1 Short title

This Act is the *Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Act 2022*.

### 2 Commencement

- (1) Each provision of this Act specified in column 1 of the table commences, or is taken to have commenced, in accordance with column 2 of the table. Any other statement in column 2 has effect according to its terms.

<b>Commencement information</b>		
<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>
1. The whole of this Act.	The day after this Act receives the Royal Assent.	2 April 2022

Note: This table relates only to the provisions of this Act as originally enacted. It will not be amended to deal with any later amendments of this Act.

- (2) Any information in column 3 of the table is not part of this Act. Information may be inserted in this column, or information in it may be edited, in any published version of this Act.

### 3 Act binds the Crown

This Act binds the Crown in right of each of the States, of the Australian Capital Territory and of the Northern Territory. However, it does not bind the Crown in right of the Commonwealth.

### 4 Extension to external Territories

This Act extends to each external Territory to which the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* extends.

Note: See section 34 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

## 5 Extra-territorial application

This Act extends to acts, omissions, matters and things outside Australia.

## 6 Definitions

In this Act:

**amount** includes a nil amount.

**decommissioning** includes all activities associated with or connected to the decommissioning of the Northern Endeavour, including:

- (a) the disconnection, removal and disposal of the Northern Endeavour; and
- (b) the suspension, plugging (whether temporary or permanent) and abandonment of wells in the Laminaria and Corallina oil fields and flushing of associated pipelines; and
- (c) removal or any other treatment of subsea infrastructure from the Laminaria and Corallina oil fields; and
- (d) associated environmental remediation.

**decommissioning-related activities** means all activities carried out by, or on behalf of, the Commonwealth that relate (whether directly or indirectly) to the Northern Endeavour and the wells and subsea infrastructure in the Laminaria and Corallina oil fields, including:

- (a) operating (in any mode) and maintaining the Northern Endeavour, wells and infrastructure; and
- (b) decommissioning and activities in preparation for decommissioning; and
- (c) obtaining insurance in relation to the matters mentioned in paragraphs (a) and (b).

**distributed levy rate**, for a levy year, has the meaning given by subsection 11(2).

***Laminaria and Corallina oil fields*** means the areas covered by petroleum production licences AC/L5 and WA-18-L.

***leviable entity***, for a levy year, means a person who is the registered holder of a petroleum production licence at any time during the levy year.

***levy*** means levy imposed by this Act.

***levy year*** has the meaning given by section 7.

***Northern Endeavour*** means the Northern Endeavour floating production storage and offtake facility (Australian General Shipping Register official number 860769).

***petroleum*** has the same meaning as in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

***petroleum amount***, for a leviable entity for a levy year, has the meaning given by subsection 11(1).

***petroleum production licence*** has the same meaning as in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

***registered holder*** has the same meaning as in the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

***Resources Minister*** means the Minister administering the *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

***total decommissioning cost*** means the total amount in dollars of net costs reasonably incurred by the Commonwealth in relation to the decommissioning-related activities.

## **7 Meaning of *levy year***

- (1) Each of the following is a ***levy year***:
  - (a) the financial year beginning on 1 July 2021;
  - (b) each subsequent financial year, ending with the financial year beginning on 1 July 2029.



*Termination of levy*

- (2) Despite subsection (1), at any time during a financial year (the **current year**) beginning on or before 1 July 2028, the Resources Minister may determine, by legislative instrument, that no financial year after the current year is a **levy year** for the purposes of this Act.
- (3) A determination made under subsection (2) has effect accordingly.  
Note: For when the determination takes effect, see section 12.
- (4) The Resources Minister may only make a determination under subsection (2) if the Resources Minister is satisfied that:
  - (a) the total decommissioning cost, if calculated at the end of the current year, would not exceed the total of the following:
    - (i) the amount of levy that is likely to be assessed for the current year;
    - (ii) the amount of levy that has been assessed for previous levy years; and
  - (b) the Commonwealth is unlikely to incur costs in relation to decommissioning-related activities after the end of the current year.

**8 Meaning of *Commonwealth's unrecovered costs* for a levy year**

- (1) If the Resources Minister makes a determination for a levy year under subsection (2), the **Commonwealth's unrecovered costs** for the levy year are the amount specified in the determination.  
Note: For the timing of when instruments take effect, see section 12.
- (2) The Resources Minister may, by legislative instrument, make a determination for a levy year specifying the amount in dollars by which the total amount of levy assessed for previous levy years falls short of the total decommissioning cost, as that cost is calculated at the end of the levy year for which the determination is made.
- (3) A determination for a levy year under subsection (2):

- (a) must not be made unless the Resources Minister considers that the levy rate of \$0.48 that would otherwise apply under subsection 11(1) would result in the total amount of levy to be assessed for the levy year exceeding the amount to be specified in the determination; and
- (b) may only be made within the period of 6 months after the end of the levy year.

## 9 Act does not impose levy on property of a State

- (1) This Act does not impose a tax on property of any kind belonging to a State.
- (2) In this section, *property of any kind belonging to a State* has the same meaning as in section 114 of the Constitution.
- (3) For the purposes of this section, assume that a reference in section 114 of the Constitution to a State includes a reference to the Australian Capital Territory and the Northern Territory.

## 10 Imposition of levy

Levy is imposed on a leviable entity for a levy year.

## 11 Amount of levy

- (1) The amount of levy payable by a leviable entity for a levy year is worked out using the following formula:

Petroleum amount for  
the entity for the levy year  $\times$  Levy rate

where:

*levy rate* is the lesser of the following:

- (a) \$0.48;
- (b) if a determination of the Commonwealth's unrecovered costs for the levy year is in effect under section 8—the distributed levy rate for the levy year (see subsection (2) of this section).

**petroleum amount**, for the entity for the levy year, is the total quantity of all petroleum, in barrels of oil equivalent and as measured at the wellhead, recovered by the entity during the levy year under any petroleum production licences held by the entity.

- (2) The **distributed levy rate** for a levy year is the amount worked out using the following formula:

$$\frac{\text{Commonwealth's unrecovered costs for the levy year}}{\text{Total petroleum amount for the levy year}}$$

where:

**total petroleum amount** for the levy year is the total of petroleum amounts for all leviable entities for the levy year, assuming that the only information relevant to working out that total amount is:

- (a) information reported in returns given to the Commissioner of Taxation under section 125-5 in Schedule 1 to the *Taxation Administration Act 1953* on or before the 31 December following the levy year; and
- (b) any other relevant information reasonably available to the Commissioner before the Commissioner first makes an assessment of an amount of levy for the levy year.

*Rounding of amounts*

- (3) An amount of levy worked out under subsection (1) must be rounded to the nearest whole dollar (rounding up in the case of 50 cents).
- (4) The following must be rounded to 2 decimal places (rounding up if the third decimal place is 5 or more):
  - (a) a petroleum amount for a leviable entity for a levy year;
  - (b) the distributed levy rate for a levy year.

## 12 When instrument takes effect

- (1) This section applies to an instrument made by the Resources Minister under subsection 7(2) (termination of levy) or 8(2) (Commonwealth's unrecovered costs).
- (2) If neither House of Parliament passes a resolution disallowing the instrument, the instrument takes effect:
  - (a) on the day immediately after the last day upon which such a resolution could have been passed; or
  - (b) if a later day is specified in the instrument—on that later day.
- (3) If either House of Parliament passes a resolution disallowing the instrument, the instrument does not take effect.

## 13 Regulations

The Governor-General may make regulations prescribing matters:

- (a) required or permitted by this Act to be prescribed by the regulations; or
- (b) necessary or convenient to be prescribed for carrying out or giving effect to this Act.

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*[Minister's second reading speech made in—  
House of Representatives on 20 October 2021  
Senate on 30 March 2022]*

(127/21)

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