

EXPLANATORY STATEMENT

Select Legislative Instrument No. 239, 2013

Subject *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003*
Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment
(Annual Titles Administration Levy) Regulation 2013

Section 11 of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (the Regulatory Levies Act) provides that the Governor-General may make regulations for the purposes of a number of sections of the Regulatory Levies Act, including section 10E which imposes an annual titles administration levy in relation to offshore petroleum and greenhouse gas titles.

The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the OPGGSA) provides the legal framework for the exploration and recovery of petroleum and for the injection and storage of greenhouse gas substances in offshore areas. This Act is administered jointly by the Commonwealth Government and the state and Northern Territory governments and provides for a range of administrative decisions to be made in relation to petroleum and greenhouse gas titles.

The Regulatory Levies Act, amongst other levies, provides for the imposition of an annual titles administration levy in relation to offshore petroleum and greenhouse gas titles. The annual titles administration levy is imposed for each year of a title term and is collected by the National Offshore Petroleum Titles Administrator (NOPTA) in order to fund its operations on a cost-recovery basis.

The varying amounts of the annual titles administration levies imposed by the Regulatory Levies Act are prescribed in the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004* (the Principal Regulations).

As part of the development of a revised Cost Recovery Impact statement (CRIS), NOPTA has recently reviewed the cost recovery arrangements in relation to its operations, and, more specifically, the current charging structure and levies imposed under the legislation.

NOPTA's review concluded that while the current levy structure should be retained, the amounts of the varying types of title administration levies should be rebalanced to reduce to as low as possible actual or potential cross-subsidies of any given service by the levies imposed in relation to other offshore petroleum titles.

The review also recommended that an annual titles administration levy for a petroleum exploration permit and a special petroleum exploration permit be charged on a flat per permit basis rather than the current on a per graticular block basis. Although the size of exploration permits do vary significantly, NOPTA has deduced through operational experience that its efforts in administering the exploration permits are not related to the permit size but rather to the monitoring of titleholders' compliance with the title conditions.

NOPTA's review therefore recommended changing of the charging basis for the annual titles administration levy for a petroleum exploration permit and a special petroleum exploration permit.

Implementing these recommendations move NOPTA significantly towards an activity based costing approach, providing greater transparency around NOPTA's operational costs.

The purpose of the Regulation is to amend the Principal Regulations to:

- change the charging basis for the annual titles administration levy for a petroleum exploration permit or a special petroleum exploration permit to a per title basis and prescribe the annual title administration fee of \$9 781 for each of these titles;
- decrease the value of the multiplier, used to calculate the amount of the annual titles administration levy for a petroleum production licence, from \$23 265 to \$15 500;
- increase the amount of annual titles administration levy for an infrastructure licence from \$15 550 to \$22 500; and
- decrease the amount of the annual titles administration levy for a pipeline licence from \$105 to \$52 for each kilometre, or part of a kilometre, of the pipeline's length.

The amendments do not increase the overall revenue that would be collected if the current levy structure remained in place.

With respect to the adjustment of the annual titles administration levies, NOPTA consulted with the participants of the offshore petroleum industry through a draft CRIS. No objections in relation to the amendments were raised during consultation. The Regulation reflects the results of those consultations through implementation of the recommended changes. The CRIS was consequently finalised and approved.

The Department of Industry consulted with the Office of Best Practice Regulation on all measures to confirm that their requirements had been satisfied.

The Regulatory Levies Act specifies no conditions that need to be satisfied before the power to make the Regulation may be exercised.

The Regulation is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

The Regulation commences on the day after it is registered.

Statement of Compatibility with Human Rights

*Prepared in accordance with Part 3 of the Human Rights (Parliamentary Scrutiny) Act 2011
Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual
Titles Administration Levy) Regulation 2013*

This Legislative Instrument is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

Overview of the Legislative Instrument

An annual titles administration levy is imposed in relation to offshore petroleum and greenhouse gas title. The levy is imposed for each year of a title term and is collected by the National Offshore Petroleum Titles Administrator (NOPTA) in order to fund its operations on a cost-recovery basis.

The purpose of the Regulation is to amend the Principal Regulations to:

- change the charging basis for the annual titles administration levy for a petroleum exploration permit or a special petroleum exploration permit to a per title basis and prescribe the annual title administration fee of \$9 781 for each of these titles;
- decrease the value of the multiplier, used to calculate the amount of the annual titles administration levy for a petroleum production licence, from \$23 265 to \$15 500;
- increase the amount of annual titles administration levy for an infrastructure licence from \$15 550 to \$22 500; and
- decrease the amount of the annual titles administration levy for a pipeline licence from \$105 to \$52 for each kilometre, or part of a kilometre, of the pipeline's length.

Human rights implications

This Legislative Instrument does not engage any of the applicable rights or freedoms.

Conclusion

This Legislative Instrument is compatible with human rights as it does not raise any human rights issues.