

## **EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Resources, Energy and Northern Australia

*Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003*

*Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment  
(Annual Titles Administration Levy) Regulation 2016*

The *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act), inter alia, imposes annual titles administration levy in relation to offshore petroleum and greenhouse gas titles. The annual titles administration levy is imposed for each year of the term of a title, and is collected by the National Offshore Petroleum Titles Administrator (NOPTA). Levy amounts collected are used to fund NOPTA's operations on a cost-recovery basis.

Section 11 of 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. Section 10E provides for the imposition of annual titles administration levy.

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* (Regulatory Levies Regulations), and are subject to periodical review.

NOPTA is fully cost-recovered through fees and levies imposed on the offshore petroleum and greenhouse gas storage industries. NOPTA has recently undertaken a review of its cost recovery arrangements, to ensure full cost-recovery on an ongoing basis, with a view to commencing implementation of a revised cost recovery implementation statement (CRIS) on 1 July 2016. As an outcome of the review, existing annual titles administration levy amounts are to be amended, and some new levy amounts are to be introduced.

The purpose of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual Titles Administration Levy) Regulation 2016* (the Regulation) is to amend annual titles administration levy amounts applicable to work-bid and special petroleum exploration permits, petroleum retention leases, petroleum production licences, infrastructure licences, pipeline licences, work-bid greenhouse gas assessment permits, greenhouse gas holding leases, and greenhouse gas injection licences, as prescribed in Part 11A, regulation 59A of the Regulatory Levies Regulations. Additionally, amendments prescribe annual titles administration levy amounts in relation to cash-bid and boundary-change petroleum exploration permits.

Details of the Regulation are set out in [Attachment 1](#). The Regulation is a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulation commences on 1 July 2016, at the same time as the commencement of NOPTA's revised CRIS.

The Regulation is compatible with the human rights and freedoms recognised or declared under section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*. A full Statement of Compatibility is set out in Attachment 2.

### Consultation

NOPTA consulted with titleholders and key stakeholders on the proposed changes to cost recovery arrangements, including release of a consultation document setting out the proposed changes and the rationale for them, between 22 December 2015 and 29 February 2016. NOPTA received six submissions, ranging from support, to comments relating to proposed levy increases in the context of the current economic climate. NOPTA also undertook further consultation with the Australian Petroleum Production and Exploration Association, to provide additional information about the rationale for the changes and to clarify NOPTA's role in resource management.

Overall, it was acknowledged that the estimated cost increase to titleholders is not significant.

NOPTA also consulted with the Department of Finance in relation to its revised CRIS. The Department of Finance has confirmed that the CRIS is consistent with the Australian Government Cost Recovery Guidelines.

**Details of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual Titles Administration Levy) Regulation 2016***

**Section 1 – Name**

This section provides that the title of the Regulation is the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual Titles Administration Levy) Regulation 2016*.

**Section 2 – Commencement**

This section provides that the Regulation commences on 1 July 2016, at the same time as the commencement of the National Offshore Petroleum Titles Administrator's (NOPTA) revised cost recovery implementation statement (CRIS).

**Section 3 – Authority**

This section provides that the Regulation is made under the Regulatory Levies Act.

**Section 4 – Schedules**

This section provides that each instrument that is specified in a Schedule to this instrument is amended or repealed as set out in the applicable items in the Schedule concerned, and any other item in a Schedule to this instrument has effect according to its terms.

**Schedule 1 – Amendments**

*Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004*

**Item [1] – After sub-regulation 59A(2)**

This item inserts amounts of annual titles administration levy for a cash-bid petroleum exploration permit and a boundary-change petroleum exploration permit. The amount for the levies is \$10 000. The levy amount is in line with NOPTA's revised CRIS.

**Item [2] – At the end of Part 13**

This item inserts new regulation 65, to provide for application of the revised and new levy amounts inserted by the Regulation.

Annual titles administration levy is imposed on a petroleum or greenhouse gas title for the year beginning on the day the title comes into force, and for each subsequent year beginning on the anniversary of that day, if the title is in force at the start of the anniversary. New regulation 65 ensures that the revised and new levy amounts apply to titles that come into force on or after 1 July 2016 or, if a title is already in force, in relation to a year for which levy is imposed that begins on or after 1 July 2016 (i.e. the revised and new levy amounts will not apply retrospectively).

**Item [3] – Amendments of listed provisions – annual titles administration levy**

This item amends the provisions listed in the table to revise amounts of annual titles administration levy imposed in relation to petroleum and greenhouse gas titles. The revised levy amounts are in line with NOPTA's revised CRIS.

## 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 2016**

This Regulation 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 Regulation**

The annual titles administration levy is imposed in relation to offshore petroleum and greenhouse gas titles. Levies are imposed by the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* and calculated in accordance with the provisions of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2004* (the Regulatory Levies Regulations). Levies are collected by the National Offshore Petroleum Titles Administrator (NOPTA), in order to fund its operations on a cost-recovery basis.

The purpose of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual Titles Administration Levy) Regulation 2016* is to amend annual titles administration levy amounts, to implement the outcomes of a recent review of NOPTA's Cost Recovery Implementation Statement. The Regulation amends levy amounts applicable to work-bid and special petroleum exploration permits, petroleum retention leases, petroleum production licences, infrastructure licences, pipeline licences, work-bid greenhouse gas assessment permits, greenhouse gas holding leases, and greenhouse gas injection licences, as prescribed in Part 11A, regulation 59A of the Regulatory Levies Regulations. Additionally, amendments prescribe annual titles administration levy amounts in relation to cash-bid and boundary-change petroleum exploration permits.

#### **Human rights implications**

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

#### **Conclusion**

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