

## **EXPLANATORY STATEMENT**

Issued by the authority of the Minister for Resources

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

*Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment  
Regulations 2024*

### **Purpose and Operation**

The *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (the Levies Act) provides for the imposition of levies including the safety case levy, annual well levy, well activity levy and environment plan levy in relation to offshore petroleum and greenhouse gas facilities or titles. The levies are paid into Consolidated Revenue and then paid by the Commonwealth to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), in accordance with section 682 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGs Act), to fund NOPSEMA's operations on a cost-recovery basis.

NOPSEMA has functions and powers conferred on it by or under the OPGGS Act. The OPGGS Act provides that NOPSEMA is the regulator of occupational health and safety, structural integrity and environmental management for petroleum and greenhouse gas storage exploration and development activities in Australia's offshore areas starting three nautical miles from the baseline of the territorial sea (as well as designated coastal waters where regulatory functions have been conferred).

The *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022* (the Levies Regulations 2022) provide how the amounts of the safety case levy, annual well levy, well activity levy and environment plan levy are worked out.

The mechanism for setting levy amounts is through the preparation of a cost recovery implementation statement (CRIS) that meets the requirements of the Australian Government Cost Recovery Policy. NOPSEMA conducts regular reviews of its CRIS to ensure that cost recovery arrangements are adequate and that it can continue to effectively discharge its regulatory functions.

The purpose of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Regulations 2024* (the Regulations) is to implement the outcomes of NOPSEMA's CRIS for 2024-2026, which proposed a 13 per cent increase in levy amounts for the safety case levy, annual well levy, well activity levy and environment plan levy.

The Regulations commence on the later of 1 July 2024 and the day after the Regulations are registered on the Federal Register of Legislation.

Details of the Regulations are set out in [Attachment A](#).

## **Authority**

Section 11 of the Levies Act provides that the Governor-General may make regulations for the purposes of a number of sections of the Levies Act, including sections 7 and 8 (safety case levy), 10A and 10B (annual well levy), 10C and 10D (well activity levy), and 10F and 10G (environment plan levy). These sections provide that the amount of the levy imposed by the Levies Act is the amount specified in, or worked out in accordance with, the regulations.

## **Consultation**

NOPSEMA consulted all levy-paying regulated entities and the Australian Energy Producers, the peak body for the offshore petroleum and greenhouse gas storage industries, on the CRIS in March 2024.

NOPSEMA also consulted the Department of Finance in relation to the CRIS. The CRIS is consistent with the Australian Government Charging Framework.

## **Regulatory Impact**

The Office of Impact Analysis (OIA) has confirmed that a Regulatory Impact Statement is not required for the Regulations (OIA reference ID OIA24-07538).

## **Statement of Compatibility with Human Rights**

Subsection 9(1) of the *Human Rights (Parliamentary Scrutiny) Act 2011* requires the rule-maker in relation to a legislative instrument to which section 42 (disallowance) of the *Legislation Act 2003* applies to cause a statement of compatibility to be prepared in respect of that legislative instrument. A Statement of Compatibility with Human Rights has been prepared to meet that requirement and is set out at [Attachment B](#).

Details of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Regulations 2024*

Section 1 – Name of Regulations

This section provides that the name of this instrument is the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Regulations 2024* (the Regulations).

Section 2 – Commencement

This section provides for the Regulations to commence on the later of 1 July 2024 and the day after the instrument is registered.

Section 3 – Authority

This section provides that the Regulations are made under the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (the 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

**Part 1—Amendments**

*Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022*

Item 1 – Paragraph 21(4)(b)

This item provides that the **SMS amount** in paragraph 21(4)(b) increases from \$150,400 to \$169,950.

Item 2 – Paragraph 21(4)(c)

This item provides that the **SMS amount** in paragraph 21(4)(c) increases from \$226,300 to \$255,700.

Item 3 – Paragraph 21(5)(a)

This item provides that the amount in paragraph 21(5)(a) used to calculate the **facility amount** increases from \$46,600 to \$52,650.

Item 4 – Paragraph 21A(3)(b)

This item provides that the **SMS amount** in paragraph 21A(3)(b) increases from \$74,600 to \$84,300.

Item 5 – Subparagraph 21A(4)(a)(iii)

This item provides that the amount in subparagraph 21A(4)(a)(iii) used to calculate the **facility amount** increases from \$18,600 to \$21,000.

Item 6 – Paragraph 29(4)(b)

This item provides that the **SMS amount** in paragraph 29(4)(b) increases from \$150,400 to \$169,950.

Item 7 – Paragraph 29(4)(c)

This item provides that the **SMS amount** in paragraph 29(4)(c) increases from \$226,300 to \$255,700.

Item 8 – Paragraph 29(5)(a)

This item provides that the amount in paragraph 29(5)(a) used to calculate the **facility amount** increases from \$46,600 to \$52,650.

Item 9 – Paragraph 29A(3)(b)

This item provides that the **SMS amount** in paragraph 29A(3)(b) increases from \$74,600 to \$84,300.

Item 10 – Subparagraph 29A(4)(a)(iii)

This item provides that the amount in subparagraph 29A(4)(a)(iii) used to calculate the **facility amount** increases from \$18,600 to \$21,000.

Item 11 – Section 49

This item provides that the amount of annual well levy for each eligible well in section 49 increases from \$5,500 to \$6,220.

Item 12 – Section 52

This item provides that the amount of annual well levy for each eligible well in section 52 increases from \$5,500 to \$6,220.

#### Item 13 – Section 55

This item provides that the amount of well activity levy imposed on an application or submission in section 55 increases from \$46,600 to \$52,650.

#### Item 14 – Paragraph 58(a)

This item provides that the amount of well activity levy imposed on an application or submission in paragraph 58(a) increases from \$46,600 to \$52,650.

#### Item 15 – Paragraph 59C(4)(a)

This item amends paragraph 59C(4)(a) to increase the amount used to calculate the **activity amount** from \$4,800 to \$5,420.

#### Item 16 – Paragraph 59C(5)(a)

This item amends paragraph 59C(5)(a) to increase the amount used to calculate the **compliance amount** from \$4,800 to \$5,420.

#### Item 17 – Paragraph 59G(4)(a)

This item amends paragraph 59G(4)(a) to increase the amount used to calculate the **activity amount** from \$4,800 to \$5,420.

#### Item 18 – Paragraph 59G(5)(a)

This item amends paragraph 59G(5)(a) to increase the amount used to calculate the **compliance amount** from \$4,800 to \$5,420.

### **Part 2—Application provisions**

#### *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022*

#### Item 19 – At the end of Part 10

This item adds new Division 2 at the end of Part 10 of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022* (the Levies Regulations 2022).

Division 2 contains provisions that relate to the commencement of the Regulations.

### **69 – Definitions for Division**

Section 69 contains definitions specifically for Division 2. The first definition is of **amending instrument**, which means the Regulations. The second definition is of **old instrument**, which means the Levies Regulations 2022 as in force immediately before the commencement of the Regulations.

## **70 – Levies imposed before amending instrument commences**

Section 70 provides that despite the amendments made by the Regulations, the Levies Regulations 2022 apply in relation to levies set out in paragraphs 70(a) and (b) imposed prior to the commencement date of the Regulations.

Paragraph (a) refers to a levy imposed in respect of a particular period where the levy was imposed in respect of a period that starts before the commencement date of the Regulations. This is a reference to a levy imposed for a period that starts before the commencement date of the Regulations which is payable in instalments which are not payable until after the commencement date of the Regulations.

Paragraph (b) refers to any other levy (not covered by paragraph (a)) that is imposed before the commencement date of the Regulations. For example, if a levy was imposed before the commencement date of the Regulations but it was not due and payable until after commencement of the Regulations, then the old instrument applies.

## **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 Regulations 2024*

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**

The *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment Regulations 2024* (the Regulations) is a legislative instrument for the purposes of the *Legislation Act 2003*.

The *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022* provide how the amounts of the safety case levy, annual well levy, well activity levy and environment plan levy are worked out. The levies are collected on a cost recovery basis to fund the operations of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA).

The Regulations increase the levy amounts for the safety case levy, annual well levy, well activity levy and environment plan levy. The increases implement NOPSEMA's cost recovery implementation statement 2024-2026 and ensure that cost recovery arrangements are adequate to enable NOPSEMA to continue to effectively discharge its regulatory functions.

### **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.

**The Hon Madeleine King MP**

**Minister for Resources**