

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
(Annual Titles Administration Levy) Regulations 2024*

Purpose and Operation

The purpose of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual Titles Administration Levy) Regulations 2024* (the Regulations) is to implement the outcomes of the National Offshore Petroleum Titles Administrator's (NOPTA) cost recovery implementation statement (CRIS) for 2025. The CRIS proposed increases in the amounts for the annual titles administration levy, application fees and fees for service, and the charging of new fees, and is publicly available on the NOPTA website.

The mechanism for setting levy and fee amounts is through the preparation of a CRIS that meets the requirements of the Australian Government Cost Recovery Policy. NOPTA conducts regular reviews of its CRIS. The CRIS for 2025 required levies and fees to be increased, and new fees to be charged, to ensure that the cost recovery arrangements are adequate to enable NOPTA to continue to effectively discharge its regulatory functions.

The Regulations commence on 1 January 2025.

Details of the Regulations are set out in Attachment A.

Background

The *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (the Levies Act) provides for the imposition of levies including the annual titles administration levy in relation to offshore petroleum and greenhouse gas titles. The *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the OPGGS Act) provides for the prescription of fees for specified applications, and for specified services provided by NOPTA. NOPTA is fully funded through cost recovery charges and manages the funds through an administered Special Account, in accordance with section 695J of the OPGGS Act.

Levy amounts are prescribed in the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022*.

NOPTA has functions and powers conferred on it by or under the OPGGS Act. The OPGGS Act provides that NOPTA is responsible for assisting and advising the Joint Authority and the responsible Commonwealth Minister, keeping registers of titles, and data and information management.

There has been rapid growth in greenhouse gas (GHG) storage activity in recent years, which has implications for cost recovery. NOPTA currently oversees a small, although increasing, number of GHG storage titles, with Australia's offshore GHG storage industry in the early stages of progressing commercial scale applications as a key climate change mitigation strategy. While there are strong similarities to the administrative processes for petroleum, there are also significant differences that need to be managed, including the complexity of processes such as Declarations of Identified GHG Storage Formations and applications for GHG injection licences.

Cost recovery charges for GHG have traditionally mirrored petroleum charges, with no detailed mapping or costing of GHG regulatory charging activities being necessary due to the infancy of that industry. The rapid growth in GHG activity prompted the need for an independent review. Full cost recovery in relation to the assessment or administration of GHG activities is not yet being undertaken. The CRIS highlighted that 50% of NOPTA's costs in relation to GHG activities will be recovered under the revised levy and fee amounts in the Regulations. The amendments relating to GHG activities provide for a graduated transition to full cost recovery of GHG with the opportunity to assess GHG activity numbers and costs of administering GHG titles over the next CRIS period. This is consistent with the Australian Government Cost Recovery Policy, which states that partial cost recovery may be appropriate in some circumstances, including where charges are being 'phased in'. It should be noted that complex activities in the later stages of the GHG lifecycle such as holding leases and injection licences have not been assessed by NOPTA yet, and the costs of which will be reviewed regularly.

As a consequence of the above, there is a significant increase in certain GHG levies. This relates to the growth in GHG activity, including higher volumes of GHG applications, and the fact that cost recovery is not yet being achieved.

Authority

Section 11 of the Levies Act provides that the Governor-General may make regulations for the purposes of various sections under the Levies Act, including section 10E (annual titles administration levy). This section provides that the amount of the annual titles administration levy imposed by the Levies Act is the amount specified in, or worked out in accordance with, the regulations.

Consultation

NOPTA held a public consultation process on the draft 2025 CRIS between 22 May 2024 and 7 June 2024. NOPTA used the Department of Industry, Science and Resources' (the department) Consultation Hub, the NOPTA website, the department's website and approached stakeholders directly via email.

Three submissions were received during the industry consultation process. The feedback was considered in the finalisation of the CRIS, and NOPTA responded directly to the relevant

parties. Two titleholders raised concerns that the increase would stifle industry activity and cited lengthy assessment timeframes as a significant impediment to their operations. One submission recommended that NOPTA's fees and levies be increased above the proposed amounts. NOPTA decided to proceed with the proposed increases as outlined in the CRIS to increase alignment with the Australian Government Charging Framework and enable appropriate resourcing to ensure NOPTA maintains competent capacity as a regulator.

Regulatory Impact

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

Statement of Compatibility with Human Rights

A Statement of Compatibility with Human Rights is set out at Attachment B.

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

Section 1 – Name of Instrument

This section specifies that the title of the instrument is the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Amendment (Annual Titles Administration Levy) Regulations 2024* (the Regulations).

Section 2 – Commencement

This section provides that the Regulations commence on 1 January 2025.

Section 3 – Authority

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

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 2022

Item 1 – Section 59AA (table items 1 to 4, column 2)

Items 1 to 4 of the table in section 59AA relate to a work-bid petroleum exploration permit, a cash-bid petroleum exploration permit, a special petroleum exploration permit, and a boundary-change petroleum exploration permit, respectively.

This item increases the annual titles administration levy for each from \$11,000 to \$12,000.

Item 2 – Section 59AA (table items 5 and 6, column 2)

Items 5 and 6 of the table in section 59AA relate to a petroleum retention lease and petroleum production licence, respectively.

This item increases the annual titles administration levy for each from \$22,000 multiplied by the number of blocks that are the subject of the lease or licence, to \$24,500 multiplied by the number of blocks that are the subject of the lease or licence.

Item 3 – Section 59AA (table item 7, column 2)

Item 7 of the table in section 59AA relates to an infrastructure licence.

This item increases the annual titles administration levy from \$27,500 to \$30,500.

Item 4 – Section 59AA (table item 8, column 2)

Item 8 of the table in section 59AA relates to a pipeline licence.

This item increases the annual titles administration levy from \$110 to \$122 for each kilometre, or part of a kilometre, of the length of the pipeline covered by the licence.

Item 5 – Section 59AA (table items 9 and 10, column 2)

Items 9 and 10 of the table in section 59AA relate to a work-bid greenhouse gas assessment permit and cross-boundary greenhouse gas assessment permit, respectively.

This item increases the annual titles administration levy for each from \$11,000 to \$26,500.

Item 6 – Section 59AA (cells at table items 11 and 12, column 2)

Items 11 and 12 of the table in section 59AA relate to a greenhouse gas holding lease and a greenhouse gas injection licence, respectively. The calculation of the levy has been changed from per block to per licence, making these levies more equitable and reflecting that the number of blocks does not impact on how much work is required by NOPTA to assess these titles.

This item increases the annual titles administration levy for each from \$22,000 per block to \$106,000 per lease or licence.

Item 7 – At the end of Part 10

New Division 3 is added at the end of Part 10 for provisions relating to the commencement of the Regulations.

New section 71 is an application provision. It provides for the amendment of section 59AA of the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022*, made by the Regulations, to apply in relation to a year covered by section 59AA of this instrument beginning on a day that is on or after the day this section commences. This section commences on 1 January 2025. This ensures the Regulations do not have retrospective effect.

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) 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 (Annual Titles Administration Levy) Regulations 2024* (the Regulations) is a legislative instrument for the purposes of the *Legislation Act 2003*.

The Regulations increase the levy amounts for various functions undertaken by the National Offshore Petroleum Titles Administrator (NOPTA). The new and increased levies implement NOPTA's Cost Recovery Implementation Statement for 2025, ensuring that the cost recovery arrangements are adequate to enable them to continue to effectively discharge their regulatory functions.

The Regulations are made under the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act). The Regulatory Levies Act enables the prescription of relevant levies in the regulations.

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