

2013-2014-2015

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**OFFSHORE PETROLEUM AND GREENHOUSE GAS STORAGE (REGULATORY
LEVIES) AMENDMENT (MISCELLANEOUS MATTERS) BILL 2015**

EXPLANATORY MEMORANDUM

(Circulated by authority of the Minister for Industry and Science,
the Honourable Ian Macfarlane, MP)

OFFSHORE PETROLEUM AND GREENHOUSE GAS STORAGE (REGULATORY LEVIES) AMENDMENT (MISCELLANEOUS MATTERS) BILL 2015

OUTLINE

The purpose of this Bill is to amend the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act) as a consequence of amendments to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act). The amendments will:

- Provide for the imposition of annual titles administration levy with respect to a boundary-change petroleum exploration permit; and
- Replace references to ‘OHS inspectors’ with references to ‘NOPSEMA inspectors’.

Annual titles administration levies for boundary-change petroleum exploration permits

Amendments to the OPGGS Act that are contained in the *Offshore Petroleum and Greenhouse Gas Storage Amendment (Miscellaneous Matters) Bill 2015* provide for the grant of a ‘boundary-change petroleum exploration permit’ if there is a change in the boundary of the coastal waters of a State or Territory which causes an area of a State/Territory petroleum exploration title to cease to be in State/Territory coastal waters and instead fall within Commonwealth waters.

The Regulatory Levies Act imposes an annual titles administration levy on a range of titles for the year commencing on the day on which the title comes into force, and each subsequent year commencing on the anniversary of that day. The titles on which levy is imposed include a work-bid petroleum exploration permit, a cash-bid petroleum exploration permit and a special petroleum exploration permit. The purpose of the levy is to provide for the National Offshore Petroleum Titles Administrator (the Titles Administrator), which operates on a fully cost-recovered basis, to recover the costs of its title-related functions under the OPGGS Act.

As a boundary-change petroleum exploration permit will function in the same way as other types of petroleum exploration permit, the Titles Administrator will need to undertake similar administration and compliance work as is undertaken for those types of permits. This Bill therefore makes consequential amendments to the Regulatory Levies Act to allow for the full ongoing cost recovery of the Titles Administrator by imposing annual titles administration levy with respect to a boundary-change petroleum exploration permit.

NOPSEMA inspectors

The *Offshore Petroleum and Greenhouse Gas Storage Amendment (Compliance Measures) Act 2013* (the Compliance Measures Act) amended the OPGGS Act to strengthen the offshore petroleum regulatory regime in respect of compliance, safety, integrity and environmental management objectives. Amongst other things, the Compliance Measures Act abolished two previous categories of inspector (petroleum project inspectors and OHS

inspectors), and instead provided for the Chief Executive Officer of the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) to appoint ‘NOPSEMA inspectors’ under the OPGGS Act to conduct inspections to monitor and investigate compliance with the Act and regulations.

The relevant amendments commenced on 1 October 2014. However, consequential amendments to the Regulatory Levies Act have not been made to replace references to an ‘OHS inspector’ in that Act with references to a ‘NOPSEMA inspector’. This Bill therefore makes consequential amendments to the Regulatory Levies Act to ensure the ongoing validity and effectiveness of the relevant provisions in that Act.

FINANCIAL IMPACT STATEMENT

This Bill has no financial impact.

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 (Miscellaneous Matters) Bill 2015

This Bill 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 Bill

The Bill makes consequential amendments to the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act) to:

- Provide the ability for the National Offshore Petroleum Titles Administrator to collect an annual titles administration levy with respect to a boundary-change petroleum exploration permit; and
- Replace references to an ‘OHS inspector’ with references to a ‘NOPSEMA inspector’, as a result of previous amendments to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* that replaced two former categories of inspector (petroleum project inspectors and OHS inspectors) with one category of inspectors (NOPSEMA inspectors).

Human rights Implications

The amendments in this Bill are mechanical in nature and do not engage any of the applicable rights or freedoms.

Conclusion

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

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NOTES ON CLAUSES

Clause 1: Short title

This is a formal provision specifying the short title of the Act.

Clause 2: Commencement

Sections 1 to 3 of the Act and Part 2 of Schedule 1 to the Act will commence on the day after this Act receives the Royal Assent.

Part 1 of Schedule 1 to the Act will commence at the same time as Division 2 of Part 4 of Schedule 1 to the *Offshore Petroleum and Greenhouse Gas Storage Amendment (Miscellaneous Matters) Act 2015* (Miscellaneous Matters Act). The Miscellaneous Matters Act will, on commencement, insert new provisions into the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGS Act) that provide for the grant of a boundary-change petroleum exploration permit if there is a change in the boundary of the coastal waters of a State or Territory which causes an area of a State/Territory petroleum exploration title to cease to be in State/Territory coastal waters and instead fall within Commonwealth waters. The amendments to the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act) made by Part 1 of Schedule 1 to this Act are consequential to that change to the OPGGS Act.

Clause 3: Schedules

This clause gives effect to the provisions in the Schedule to this Act.

Schedule 1 – Amendments

Part 1 – Boundary-change petroleum exploration permits

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

Item 1: Subsection 10E(7)

This item inserts a definition of ‘boundary-change petroleum exploration permit’ for the purposes of section 10E of the Regulatory Levies Act.

Item 2: Subsection 10E(7) (after paragraph (b) of the definition of *eligible title*)

Section 10E of the Regulatory Levies Act imposes annual titles administration levy on an ‘eligible title’ for the year commencing on the day on which the title comes into force, and each subsequent year commencing on the anniversary of that day. This item ensures that annual titles administration levy is imposed with respect to a boundary-change petroleum exploration permit, by including such a permit in the definition of ‘eligible title’.

Part 2 – NOPSEMA inspectors

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

Item 3: Section 3

This item inserts a definition of ‘NOPSEMA inspector’ for the purposes of the Regulatory Levies Act.

Item 4: Section 3 (definition of *OHS inspector*)

This item repeals the definition of ‘OHS inspector’. Amendments to the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* which commenced on 1 October 2014 abolished the category of inspectors known as ‘OHS inspectors’, and instead provided for the Chief Executive Officer of the National Offshore Petroleum Safety and Environmental Management Authority to appoint ‘NOPSEMA inspectors’ to conduct monitoring and investigations under the Act and regulations. The definition of an ‘OHS inspector’ is now therefore redundant.

Item 5, 6, 7 and 8: Paragraph 5(1)(b); Paragraph 6(1)(b); Paragraphs 9(1)(b) and (g); Paragraphs 10(1)(b) and (g)

These items replace references to ‘an OHS inspector’ with references to ‘a NOPSEMA inspector’. See discussion under item 4.