EXPLANATORY STATEMENT

Select Legislative Instrument 2006 No. 161

Issued by the Authority of the Minister for Industry, Tourism and Resources

Petroleum (Submerged Lands) Fees Act 1994

Petroleum (Submerged Lands) Fees Amendment Regulations 2006 (No. 1)

Section 7 of the Petroleum (Submerged Lands) Fees Act 1994 (the Fees Act) provides that the Governor-General may make regulations, not inconsistent with the Act, prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The Petroleum (Submerged Lands) Act 1967 (the Principal Act) involves a large number of decisions relating to the day-to-day administration of the Act, including the granting of exploration permits, retention leases, production, pipeline and infrastructure licences.

Section 4 of the Fees Act provides that the holders of these titles (permits, leases and licences) must pay a fee to the Commonwealth through the Designated Authority for each year of the term of the title. The fee is specified in, or calculated in accordance with, the Petroleum (Submerged Lands) Fees Regulations 1994.

The Regulations remove the GST component of 10% from the prescribed fees to account for the fact that they are now exempt from GST due to their listing on the current Determination of the Treasurer made under subsection 81-5(2) of the A New Tax System (Goods and Services Tax) Act 1999.

In keeping with the Offshore Constitutional Settlement and section 129 of the Principal Act, the Commonwealth will continue to pay all fees received for the day-to-day administration of the regime to State and Northern Territory Authorities to offset their costs.

Details of the Regulations are set out in the Attachment.

The Regulations commenced on 1 July 2006.

Authority: Section 7 of the Petroleum (Submerged Lands) Fees Act 1994
Regulation 1- Name of Regulations

This Regulation provides the title of the Regulations.

Regulation 2 - Commencement

This Regulation provides for the commencement of the Regulations on 1 July 2006.

Regulation 3 - Amendment of Petroleum (Submerged Lands) Fees Regulations 1994

This Regulation provides that the amendments to the Petroleum (Submerged Lands) Fees Regulations 1994 are as set out in Schedule 1.

SCHEDULE 1 AMENDMENT

Item [1] – Regulation 3

This item substitutes subregulation 3(2) specifying the fee does not include GST if it is specified in a current determination of the Treasurer 81-5(2) of the A New Tax System (Goods and Services Tax) Act 1999. If it is not specified, then it does include GST.

Items [2] & [3] – Paragraphs 4(a) and (b)

Paragraphs 4(a) and (b) reduced the prescribed minimum annual fee for an exploration permit from $1,100 to $1,000 per permit or from $55 to $50 for each block to which the permit relates. The amount payable will be whichever is the greater.


Regulation 5 reduced the prescribed annual fee for a retention lease from $6,600 to $6,000 for each block to which the lease relates.


Regulation 6 reduced the prescribed annual fee for a production licence from $19,800 to $18,000 for each block to which the licence relates.

Item [6] – Regulation 6A

Regulation 6A reduced the prescribed annual fee for an infrastructure licence from $13,200 to $12,000.


Regulation 7 reduced the prescribed annual fee for a pipeline licence from $88 to $80 per kilometre, or part kilometre, of the length of the pipeline.