

EXPLANATORY STATEMENT

Select Legislative Instrument 2009 No. 154

2009

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

**PETROLEUM (SUBMERGED LANDS) FEES AMENDMENT
REGULATIONS 2009 (No. 1)**

(Circulated by authority of the Minister for Resources and Energy,
the Honourable Martin Ferguson AM, MP)

PETROLEUM (SUBMERGED LANDS) FEES AMENDMENT REGULATIONS 2009 (No. 1)

GENERAL OUTLINE

The Regulations are made in accordance with section 781 of the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (the Principal Act) and Section 5 of the *Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Act 2006* (the Annual Fees Act).

The purpose of these amendments is to increase the annual fees set out in the *Petroleum (Submerged Lands) Fees Regulations 1994* for a: petroleum work-bid exploration permit, special petroleum exploration permit, petroleum retention lease, petroleum production licence, infrastructure licence and pipeline licence. The amendments also add two provisions to prescribe fees for greenhouse gas holding leases and greenhouse gas injection licences.

The increase in fees is in line with the 13.65% increase in the consumer price index (CPI) since the fees were last adjusted on 1 January 2005. This increase has been agreed to by the Ministerial Council on Minerals and Petroleum Resources to account for rises in the costs of administering petroleum titles. The petroleum industry representative organisation, the Australian Petroleum Production and Exploration Association Limited, was advised by letter in February 2009 of proposed petroleum fee increases.

The Principal Act is administered jointly by Commonwealth, state and Northern Territory governments. The Commonwealth repays fees received for the day-to-day administration of the offshore petroleum regime to state and Northern Territory authorities, to offset their costs. This practice is provided for under Section 76 of the Principal Act.

The amendments also prescribe annual fees for greenhouse gas holding leases and greenhouse gas injection licence fees which are set at the same amount as petroleum lease and licence fees. Matters relating to greenhouse gas storage were added to the Principal Act and the Annual Fees Act on 21 November 2008.

The amendments also update the regulations to refer to and be consistent with the Annual Fees Act.

FINANCIAL IMPACT STATEMENT

These amendments do not have any financial impact on the Australian Government budget.

REGULATORY IMPACT STATEMENT

These amendments do not impose any new regulatory burden on the petroleum or greenhouse gas storage industries.

NOTES ON INDIVIDUAL CLAUSES

Clause 1, Name of Regulations

This is a formal provision setting out the name of the Regulations.

Clause 2, Commencement

The Regulations will commence on 1 July 2009.

Clause 3, Schedule

This clause gives effect to the provisions in Schedule 1 of these Regulations.

Schedule 1 - Amendments

Item 1 – Regulation 1

This item changes the name of the Regulations to the *Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Regulations 1994*.

Item 2 – Regulation 3(1)

This item changes the definition of the word Act to mean the *Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Act 2006* (the Annual Fees Act).

Item 3 – Regulations 4, 5, 6, 6A and 7

This item replaces regulations 4, 5, 6, 6A and 7 with amended regulations 4, 5, 6, 7 and 8 for petroleum titles and adds regulations 9 and 10 for greenhouse gas titles.

This item updates the Act reference in the regulations 4 to 8 from paragraph 4 (2) (b) of the *Petroleum (Submerged Lands) Fees Act 1994* to subsection 4 (3) of the Annual Fees Act. For regulations 9 and 10 the Act reference is subsection 4A (3).

The exception in regulation 4 to an exploration permit fee granted under section 22B of the *Petroleum (Submerged Lands) Act 1967* (a cash-bid exploration permit) has been removed as the Annual Fees Act does not mention that exception referring specifically to work-bid petroleum exploration permits and special petroleum exploration permits.

The fees payable under regulations 4 to 8 are increased as shown. Petroleum exploration permit fees to (a) \$1135 or (b) \$55 for each block; petroleum retention lease fees to \$6820, petroleum production licence fees to \$20460, infrastructure licence fees to \$13640 and pipeline licence fees to \$90 per kilometre or part of a kilometre. The new fees prescribed under regulations 9 and 10 are \$6820 for a greenhouse gas holding lease and \$20460 for a greenhouse gas injection licence.