



Offshore Petroleum (Royalty) Bill 2005

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Law and Bills Digest Section

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Offshore Petroleum (Annual Fees) Bill 2005

Offshore Petroleum (Registration Fees) Bill 2005

Offshore Petroleum (Repeals and Consequential Amendments) Bill 2005

Offshore Petroleum (Royalty) Bill 2005

Offshore Petroleum (Safety Levies) Amendment Bill 2005

Date Introduced: 23 June 2005

House: House of Representatives

Portfolio: Industry, Tourism and Resources

Commencement: The main provisions of these Bills will commence at the same time as the provisions of the Offshore Petroleum Act 2005 – which is a date to be fixed by proclamation.

Purpose

The five Bills covered in this Digest relate to the replacement of the *Petroleum (Submerged Lands) Act 1967* by the [Offshore Petroleum Bill 2005](#). Besides the substantial Offshore Petroleum (Repeals and Consequential Amendments) Bill 2005, these Bills deal with various fees, levies and royalties.

Background

The Government presented these Bills along with the primary Offshore Petroleum Bill 2005 on 23 June 2005, stating they were the culmination of the long-term project of rewriting the *Petroleum (Submerged Lands) Act 1967* and associated acts:

The Petroleum (Submerged Lands) Act has been the primary legislation for the administration of Australia's offshore petroleum resources. The act is now close to 40 years old and, through age and many amendments, it has become complex and unwieldy.¹

Background on the replacement of the *Petroleum (Submerged Lands) Act 1967* by the Offshore Petroleum Bill 2005 can be found in [Bills Digest No. 27 2005-06](#).

Warning:

This Digest was prepared for debate. It reflects the legislation as introduced and does not canvass subsequent amendments.

This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

The Bills

The Offshore Petroleum (Annual Fees) Bill 2005 ('Annual Fees Bill') sets out the annual fees payable in relation to exploration permits, retention leases and production, infrastructure and pipeline licences.

The Offshore Petroleum (Registration Fees) Bill 2005 ('Registration Fees Bill') sets out the fees payable in relation to the registration of transfers and dealings in titles under the proposed Offshore Petroleum Act.

The Offshore Petroleum (Repeals and Consequential Amendments) Bill 2005 ('Repeals Bill') is designed to enable the passage of a rewritten version of the Petroleum (Submerged Lands) Act 1967 and associated acts. This Bill repeals or amends over 30 Commonwealth acts, including the *Petroleum (Submerged Lands) Act 1967*, that are affected by the proposed offshore petroleum legislation.

The Offshore Petroleum (Royalty) Bill 2005 sets out the royalty payable in respect of petroleum produced in the North West Shelf project area under the proposed offshore petroleum act.

The Offshore Petroleum (Safety Levies) Amendment Bill 2005 ('Safety Levies Bill') amends the *Offshore Petroleum (Safety Levies) Act 2003*. This Act imposes levies on the operators of facilities engaged in exploration for, and production, processing and conveyance of, offshore petroleum. The levies relate directly to regulatory activities carried out by the National Offshore Petroleum Safety Authority and are used to fully fund the cost of the authority's operations. Since the levies are an excise, a separate Bill to the Repeals Bill is required because of section 55 of the Constitution which provides that laws imposing duties of excise shall deal with duties of excise only.

Main Provisions

Offshore Petroleum (Annual Fees) Bill 2005

Clause 4 provides that the holder of a work-bid exploration permit, special exploration permit, retention lease, production licence, infrastructure licence and pipeline licence is liable to pay an annual fee for each year of the title, starting from the date of commencement of this provision.

Clause 5 provides that the Governor-General may make regulations prescribing the amounts payable as annual fees, or the formulae for calculating them, under each of the individual paragraphs of subclause 4(1).

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The *Explanatory Memorandum* notes that the fees will be ‘payable to the Designated Authority (generally the State or Northern Territory Minister responsible for petroleum resources) for each year of the term of the title to help recover the costs of the abovementioned administrative activities’.²

Offshore Petroleum (Registration Fees) Bill 2005

Clause 5 imposes a fee for the entry of a memorandum into the Register in relation to a transfer of title in accordance with Part 3.3 of the Offshore Petroleum Bill and the amount of the fee depends on the situation. The *Explanatory Memorandum* notes that the registration fees imposed by this clause ‘are broadly equivalent to, and imposed in lieu of, State or Northern Territory stamp duty’.³

Subclause 5(4) makes clear that registration fees under this clause are a tax.

Offshore Petroleum (Repeals and Consequential Amendments) Bill 2005

Schedule 1 repeals the *Petroleum Submerged Lands Act 1967* and various associated Acts.

Schedule 2 makes consequential amendments to cover names changes, definitions in existing provisions and transitional arrangements in thirty related Acts. These provisions are to bring consistency to other Acts or regulations as a result of the new legislative regime.

Offshore Petroleum (Royalty) Bill 2005

Clause 5 imposes a petroleum royalty on the registered holder of an exploration permit, retention lease or production licence in the North West Shelf project area.

Clause 6 provides for a number of rules governing how the rates of royalties are to be determined.

Offshore Petroleum (Safety Levies) Amendment Bill 2005

Schedule 1 amends the *Offshore Petroleum (Safety Levies) Act 2003* to cover names changes, definitions in existing provisions and transitional arrangements, especially in relation to pipeline safety management levies.

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Endnotes

- 1 Hon. Warren Entsch MP, Parliamentary Secretary to the Minister for Industry, Tourism and Resources, Second Reading Speech, House of Representatives, *Debates* 23 June 2005, p. 18.
- 2 *Explanatory Memorandum* Offshore Petroleum (Annual Fees) Bill 2005 p. 2.
- 3 *Explanatory Memorandum* Offshore Petroleum (Registration Fees) Bill 2005, p. 3.

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