

# EXPOSURE DRAFT

2019-2020-2021

The Parliament of the  
Commonwealth of Australia

HOUSE OF REPRESENTATIVES

EXPOSURE DRAFT
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## **Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021**

**No.     , 2021**

*(Treasury)*

**A Bill for an Act to impose a levy on registered  
holders of petroleum production licences, and for  
related purposes**

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## Section 2

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1 **2 Commencement**

2 (1) Each provision of this Act specified in column 1 of the table  
3 commences, or is taken to have commenced, in accordance with  
4 column 2 of the table. Any other statement in column 2 has effect  
5 according to its terms.

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**Commencement information**

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<b>Column 1</b>	<b>Column 2</b>	<b>Column 3</b>
<b>Provisions</b>	<b>Commencement</b>	<b>Date/Details</b>
1. The whole of this Act.	The day after this Act receives the Royal Assent.	

7 Note: This table relates only to the provisions of this Act as originally  
8 enacted. It will not be amended to deal with any later amendments of  
9 this Act.

10 (2) Any information in column 3 of the table is not part of this Act.  
11 Information may be inserted in this column, or information in it  
12 may be edited, in any published version of this Act.

13 **3 Act binds the Crown**

14 This Act binds the Crown in right of each of the States, of the  
15 Australian Capital Territory and of the Northern Territory.  
16 However, it does not bind the Crown in right of the  
17 Commonwealth.

18 **4 Extension to external Territories**

19 This Act extends to each external Territory to which the *Offshore*  
20 *Petroleum and Greenhouse Gas Storage Act 2006* extends.

21 Note: See section 34 of the *Offshore Petroleum and Greenhouse Gas*  
22 *Storage Act 2006*.

1       **5 Extra-territorial application**

2                       This Act extends to acts, omissions, matters and things outside  
3                       Australia.

4       **6 Definitions**

5                       In this Act:

6                       *amount* includes a nil amount.

7                       *decommissioning* includes all activities associated with or  
8                       connected to the decommissioning of the Northern Endeavour,  
9                       including:

- 10                      (a) the disconnection, removal and disposal of the Northern  
11                          Endeavour; and  
12                      (b) the suspension, permanent plugging and abandonment of  
13                          wells in the Laminaria and Corallina oil fields and flushing of  
14                          associated pipelines; and  
15                      (c) the removal of subsea infrastructure from the Laminaria and  
16                          Corallina oil fields; and  
17                      (d) associated environmental remediation.

18                      *decommissioning-related activities* means any of the following:

- 19                      (a) the operation and maintenance of:  
20                          (i) the Northern Endeavour; and  
21                          (ii) the wells and subsea infrastructure in the Laminaria and  
22                          Corallina oil fields;  
23                      (b) decommissioning and activities in preparation for  
24                          decommissioning;  
25                      (c) obtaining insurance in relation to the matters mentioned in  
26                          paragraphs (a) and (b).

27                      *distributed levy rate*, for a levy year, has the meaning given by  
28                      subsection 11(2).

29                      *Laminaria and Corallina oil fields* means the areas covered by  
30                      petroleum production licences AC/L5 and WA-18-L.

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## Section 7

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1 **leviable entity**, for a levy year, means a person on whom levy is  
2 imposed for the levy year.

3 **levy** means levy imposed by this Act.

4 **levy year** has the meaning given by section 7.

5 **Northern Endeavour** means the Northern Endeavour floating  
6 production storage and offtake facility (Australian General  
7 Shipping Register official number 860769).

8 **petroleum** has the same meaning as in the *Offshore Petroleum and  
9 Greenhouse Gas Storage Act 2006*.

10 **petroleum amount**, for a leviable entity for a levy year, has the  
11 meaning given by subsection 11(1).

12 **petroleum production licence** has the same meaning as in the  
13 *Offshore Petroleum and Greenhouse Gas Storage Act 2006*.

14 **registered holder** has the same meaning as in the *Offshore  
15 Petroleum and Greenhouse Gas Storage Act 2006*.

16 **Resources Minister** means the Minister administering the *Offshore  
17 Petroleum and Greenhouse Gas Storage Act 2006*.

18 **total decommissioning cost** means the total amount in dollars of  
19 net costs reasonably incurred by the Commonwealth in relation to  
20 the decommissioning-related activities.

### 21 **7 Meaning of levy year**

22 (1) Each of the following is a **levy year**:

23 (a) the financial year beginning on 1 July 2021;

24 (b) each subsequent financial year, ending with the financial year  
25 beginning on 1 July 2029.



1                    *Termination of levy*

2                    (2) Despite subsection (1), at any time during a financial year (the  
3                    **current year**) beginning on or before 1 July 2028, the Resources  
4                    Minister may determine, by legislative instrument, that no financial  
5                    year after the current year is a **levy year** for the purposes of this  
6                    Act.

7                    (3) A determination made under subsection (2) has effect accordingly.

8                    Note:            For when the determination takes effect, see section 12.

9                    (4) The Resources Minister may only make a determination under  
10                    subsection (2) if the Resources Minister is satisfied that:

11                    (a) the total decommissioning cost, if calculated at the end of the  
12                    current year, would not exceed the total of the following:

13                    (i) the amount of levy that is likely to be assessed for the  
14                    current year;

15                    (ii) the amount of levy that has been assessed for previous  
16                    levy years; and

17                    (b) the Commonwealth is unlikely to incur costs in relation to  
18                    decommissioning-related activities after the end of the  
19                    current year.

20                    **8 Meaning of *Commonwealth's unrecovered costs* for a levy year**

21                    (1) If the Resources Minister makes a determination for a levy year  
22                    under subsection (2), the ***Commonwealth's unrecovered costs*** for  
23                    the levy year are the amount specified in the determination.

24                    Note:            For the timing of when instruments take effect, see section 12.

25                    (2) The Resources Minister may, by legislative instrument, make a  
26                    determination for a levy year specifying the amount in dollars by  
27                    which the total amount of levy assessed for previous levy years  
28                    falls short of the total decommissioning cost, as that cost is  
29                    calculated at the end of the levy year for which the determination is  
30                    made.

31                    (3) A determination for a levy year under subsection (2):

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## Section 9

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- 1 (a) must not be made unless the Resources Minister considers  
2 that the levy rate of \$0.48 that would otherwise apply under  
3 subsection 11(1) would result in the total amount of levy to  
4 be assessed for the levy year exceeding the amount to be  
5 specified in the determination; and  
6 (b) may only be made within the period of 6 months after the end  
7 of the levy year.

### 8 **9 Act does not impose levy on property of a State**

- 9 (1) This Act does not impose a tax on property of any kind belonging  
10 to a State.  
11 (2) In this section, *property of any kind belonging to a State* has the  
12 same meaning as in section 114 of the Constitution.  
13 (3) For the purposes of this section, assume that a reference in  
14 section 114 of the Constitution to a State includes a reference to the  
15 Australian Capital Territory and the Northern Territory.

### 16 **10 Imposition of levy**

17 Levy is imposed on a person for a levy year if the person is the  
18 registered holder of a petroleum production licence at any time  
19 during the levy year.

### 20 **11 Amount of levy**

- 21 (1) The amount of levy payable by a leviable entity for a levy year is  
22 worked out using the following formula:

23 
$$\frac{\text{Petroleum amount for}}{\text{the entity for the levy year}} \times \text{Levy rate}$$

24 where:

25 *levy rate* is the lesser of the following:

- 26 (a) \$0.48;

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1 (b) if a determination of the Commonwealth's unrecovered costs  
2 for the levy year is in effect under section 8—the distributed  
3 levy rate for the levy year (see subsection (2) of this section).

4 ***petroleum amount***, for the entity for the levy year, is the total  
5 quantity of all petroleum, in barrels of oil equivalent and as  
6 measured at the wellhead, recovered by the entity during the levy  
7 year under any petroleum production licences held by the entity.

8 (2) The ***distributed levy rate*** for a levy year is the amount worked out  
9 using the following formula:

$$\frac{\text{Commonwealth's unrecovered costs for the levy year}}{\text{Total petroleum amount for the levy year}}$$

10

11

where:

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13

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***total petroleum amount*** for the levy year is the total of petroleum amounts for all leviable entities for the levy year, assuming that the only information relevant to working out that total amount is:

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(a) information reported in returns given to the Commissioner of Taxation under section 125-5 in Schedule 1 to the *Taxation Administration Act 1953* on or before the 31 December following the levy year; and

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20

21

(b) any other relevant information reasonably available to the Commissioner before the Commissioner first makes an assessment of an amount of levy for the levy year.

22

### *Rounding of amounts*

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(3) An amount of levy worked out under subsection (1) must be rounded to the nearest whole dollar (rounding up in the case of 50 cents).

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27

28

(4) The following must be rounded to 2 decimal places (rounding up if the third decimal place is 5 or more):  
(a) a petroleum amount for a leviable entity for a levy year;

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## Section 12

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1 (b) the distributed levy rate for a levy year.

### 2 **12 When instrument takes effect**

3 (1) This section applies to an instrument made by the Resources  
4 Minister under subsection 7(2) (termination of levy) or 8(2)  
5 (Commonwealth's unrecovered costs).

6 (2) If neither House of Parliament passes a resolution disallowing the  
7 instrument, the instrument takes effect:

8 (a) on the day immediately after the last day upon which such a  
9 resolution could have been passed; or

10 (b) if a later day is specified in the instrument—on that later day.

11 (3) If either House of Parliament passes a resolution disallowing the  
12 instrument, the instrument does not take effect.

### 13 **13 Regulations**

14 The Governor-General may make regulations prescribing matters:

15 (a) required or permitted by this Act to be prescribed by the  
16 regulations; or

17 (b) necessary or convenient to be prescribed for carrying out or  
18 giving effect to this Act.