



NOPSEMA

Submission

8 November 2021



Submission to:

**Inquiry into Offshore Petroleum (Laminaria and Corallina
Decommissioning Cost Recovery Levy) Bill 2021 [Provisions] and Treasury
Laws Amendment (Laminaria and Corallina Decommissioning Cost
Recovery Levy) Bill 2021, Senate Economics Legislation Committee**

Submission from:

**National Offshore Petroleum Safety and Environmental Management
Authority (NOPSEMA)**

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Introduction

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), established by the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (OPGGA Act), is Australia's national regulator for health and safety, well integrity and environmental management for offshore petroleum activities in Commonwealth waters and in coastal waters where regulatory powers and functions have been conferred. The conferral of powers for offshore petroleum safety has already occurred in Victorian waters and is under consideration by other jurisdictions in Australia.

NOPSEMA'S cost recovery framework

The OPGGS Act confers functions and powers on NOPSEMA in relation to the three areas of health and safety, well integrity and environmental management. Within the OPGGS Regulatory Levies Act, there is a list of levies imposed upon duty holders in relation to the various offshore activities undertaken. These levies enable NOPSEMA to recover 100% of costs incurred in delivering its regulatory functions. The cost recovery framework under the OPGGSA does not provide for NOPSEMA to recover costs beyond the scope of those regulatory functions. The costs of the Australian Government in decommissioning offshore infrastructure are not within the scope of NOPSEMA's cost recovery framework.

In accordance with Australian Government cost recovery guidelines, NOPSEMA must maintain an up-to date Cost Recovery Implementation Statement (CRIS) to ensure the level and methods of cost recovery are appropriate and equitable. The Department of Finance administers the Australian Government Charging Framework. NOPSEMA's cost recovery policy approach is consistent with this framework.

Northern Endeavour Taskforce

Following the Northern Oil and Gas Australia (NOGA) Group of companies entering into liquidation, NOPSEMA no longer has a regulatory responsibility for the Northern Endeavour facility. Under the OPGGS Act, NOPSEMA does not have regulatory remit where there is no titleholder or registered operator of a facility.

In February 2020, the Australian Government established the Northern Endeavour Taskforce to manage and respond to Northern Endeavour related matters. In March 2020, NOPSEMA and the Department of Industry, Science, Energy and Resources (the Department) entered into a Deed of Standing Offer that provides for NOPSEMA to advise the Department and provide a level of oversight that aligns with that which would normally apply to a regulated entity.

NOPSEMA continues to work closely with the Department's Northern Endeavour Taskforce (the Taskforce), providing expertise and advice to ensure the management of the facility is undertaken in such a way that it would be compliant with the regulatory regime if it were a regulated entity.

Laminaria and Corallina Cost Recovery Levy

On 11 May 2021, the Government announced that it will impose a temporary levy on offshore petroleum production to recover costs of decommissioning the Laminaria-Corallina oil fields and associated infrastructure.

The Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 aims to ensure that the costs of decommissioning the Laminaria and Corallina oil fields and associated infrastructure rest with the industry rather than the taxpayer. NOPSEMA will not have responsibility for administration of this levy. The Levy will be administered by the Commissioner of Taxation.

Under the agreement NOPSEMA has with the Northern Endeavour Taskforce, costs associated with advising the Taskforce on regulatory matters can be recovered from 1 July 2021 in accordance with fees and levies that would normally apply to a regulated entity.