

Petroleum and Gas (Production and Safety) Amendment Regulation (No. 1) 2013

Explanatory notes for SL 2013 No. 195

made under the

Petroleum and Gas (Production and Safety) Act 2004

General Outline

Short title

Petroleum and Gas (Production and Safety) Amendment Regulation (No. 1) 2013

Authorising law

Section 859 of the *Petroleum and Gas (Production and Safety) Act 2004* provides for a regulation to be made about the fees payable under the Act.

Policy objectives and the reasons for them

The objectives of this subordinate legislation are to:

- Make the Petroleum and Gas Safety and Health Fee (the Fee) more equitable and efficient;
- Reduce administrative burden;
- Ensure the Fee provides for full cost recovery of petroleum and gas safety and health regulatory activity; and
- Introduce a capping mechanism on certain categories so that the revenue collected from charging the Fee will not exceed what is required to recover costs.

Achievement of policy objectives

The subordinate legislation will achieve its objective by:

- Introduce a capping mechanism on the Fee categories within the upstream sector in order to manage growth and ensure the revenue collected by

charging the Fee provides for full cost recovery of regulatory activity but will not exceed what is required;

- Reduce the minimum amount charged for LPG delivery networks, introduce a median charge and align container index figures to the minimum and median charges in order to group clients into small, medium and large Category 10 businesses so as to control the revenue collected for this category.
- Remove the reference of 'use' for biogas and exempt those that are producing and processing gas for research and trial purposes.
- Remove unnecessary reporting requirements for specific categories and reduce reporting requirements from four times a year to once a year.
- Clarifying provisions relating to the Fee to make clearer what information is required from clients; and
- Restructuring relevant sections of the Petroleum and Gas (Production and Safety) Regulation 2004 (P&G Regulation) for easier referencing.

Consistency with policy objectives of authorising law

The amendment regulation is consistent with the main objectives of the *Petroleum and Gas (Production and Safety) Act 2004* in that the department regulates and promotes the safety of persons in relation to operating plant.

Inconsistency with policy objectives of other legislation

The amendment regulation is not inconsistent with any policy objectives of any other legislation.

Alternative ways of achieving policy objectives

The Fee was the subject of a post implementation review which required a Consultation Regulatory Impact Statement (Consultation RIS). The alternatives of achieving the policy objectives and stakeholder comments regarding the options can be found in the Decision RIS.

Benefits and costs of implementation

The Fee is currently in place so the costs for implementation of the proposed changes are low and the costs to implement will be covered under arrangements to administer the existing Fee.

There will be savings to industry as a result of changing from quarterly to yearly reporting and removing some other reporting requirements. The Fee will have a capping system in place that controls the revenue collected to ensure clients are not paying more than is necessary to fund petroleum and gas safety and health regulatory activity. Restructuring certain provisions of the P&G Regulation relating to the Fee will also provide improved clarity.

Benefits to government include a reduction in the costs to administer the Fee and adequate funding of petroleum and gas safety and health regulatory activity which is aligned with industry growth.

Benefits to industry and government can be found in more detail in section 4 of the Decision RIS

Consistency with fundamental legislative principles

Regard has been given to the rights and liberties of individuals and the institutions of Parliament in developing these options. The regulatory amendments do not breach any fundamental legislative principles set out in section 4 of the *Legislative Standards Act 1992*.

Consultation

Clients liable for the Fee and industry bodies were consulted firstly through a discussion paper in 2012.

Following this, on the 23 May 2013 a Consultation RIS was released by the Minister for Natural Resources and Mines for public consultation. Consultation closed on the 20 June 2013. The RIS gave an analysis of options and included details of proposed changes with the aim of making the Fee more equitable and efficient and reducing administrative burden. There were seven submissions from stakeholders during the RIS public consultation period and further, informal feedback was received after this period closed.

There were changes made to the original proposals detailed in the Consultation RIS as a result of stakeholder feedback. For further details see section 6 of the Decision RIS.