

Cost Recovery

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1. Purpose

The National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) is Australia's expert regulator for health and safety, structural and well integrity, and environmental management for offshore petroleum and greenhouse gas operations in Commonwealth waters, and in coastal waters where a State or the Northern Territory has conferred regulatory powers and functions.

NOPSEMA was established on 1 January 2012 under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGs Act). The OPGGS Act confers functions and powers on NOPSEMA in relation to health and safety, structural and well integrity, and environmental management and provides for a system of fees and levies. Levies are imposed under the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act), and the *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022* (Regulatory Levies Regulations) which specifies how levies are calculated and when they are due and payable.

The Department of Finance administers the Australian Government Charging Framework, NOPSEMA's cost recovery policy approach is consistent with this framework. The characteristics of a government activity determine the type of cost recovery charges, either cost recovery fees or cost recovery levies.

The purpose of this policy is to provide a documented, systematic and consistent approach to the application of regulatory fees and levies.

2. Scope

This policy applies to all fees and levies as provided for in the 'Relevant Legislation' listed in section 3 below. For simplicity, this policy only makes explicit reference to the Commonwealth legislation. However, this policy will also be applied where the powers and functions of a State or the Northern Territory have been conferred to NOPSEMA.

3. Relevant Legislation

- *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGs Act)
- *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Act 2003* (Regulatory Levies Act)
- *Offshore Petroleum and Greenhouse Gas Storage (Regulatory Levies) Regulations 2022* (Regulatory Levies Regulations)
- *Offshore Petroleum and Greenhouse Gas Storage (Safety) Regulations 2009* (Safety Regulations)
- *Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2023* (Environment Regulations)
- *A New Tax System (Goods and Services Tax) Regulations 2019*

4. Australian Government Charging Framework

Application of the framework

Regulatory fees and levies recover the costs expended by NOPSEMA in delivering regulatory functions for offshore petroleum and greenhouse gas industries. The charging of regulatory fees and levies is provided in the legislation referenced in section 3. NOPSEMA's role is to administer this legislation effectively and efficiently.

Calculation of fees and levies for activities under the OPGGS Act

Fees and levies are applied to petroleum and greenhouse gas storage facilities and activities according to the descriptions made by stakeholders in submissions to NOPSEMA. This information is matched as closely as possible to the levy rating categories provided in the Regulatory Levies Regulations. Where there is ambiguity, NOPSEMA will seek clarification before determining the appropriate levy.

In cases where categorisation is difficult, NOPSEMA determines levy ratings on a case-by-case basis, with consideration of precedent and the anticipated level of regulatory effort associated with the facility or activity.

Notification of fees and levies

Notification of fees and levies are provided to stakeholders by email. Payment terms will be detailed in these notifications.

Levies are exempt from the Goods & Services Tax (GST) under A New Tax System (Goods and Services Tax) Regulations 2019¹.

5. Alignment of fees and levies to cost recovery

NOPSEMA is an independent statutory authority established under the OPGGS Act. The OPGGS Act sets out NOPSEMA's legislated functions.

NOPSEMA has created organisational charts which identify the staffing requirements necessary to meet regulatory work requirements. This staffing requirement is fully costed, including administrative overheads to determine a total cost for the delivery of regulatory functions.

NOPSEMA is a 100 per cent cost recovered entity. This requires comparing the entity's total revenue with its total cost to determine a projected surplus or deficit for the year. The projection is then reviewed against the entity's retained earnings to determine if any change to fees or levies are required. This process is detailed in the relevant Cost Recovery Implementation Statements (CRIS).

6. Maintenance of cost recovery implementation statements

In accordance with Australian Government Cost Recovery Guidelines, NOPSEMA must periodically review their CRIS to ensure the level and methods of cost recovery are appropriate and equitable. Should legislative amendments be required to adjust fees, unit values or levy ratings, any instalments that remain unpaid on the date from which the legislative amendments commence will be modified accordingly.

¹ A New Tax System (Goods and Services Tax) Regulations 2019, Regulation 81-15.01.

7. Monitoring

Compliance with this policy is to be assessed by the Chief Financial Officer on an as required basis.

8. Related documents

N-11000-PL1789 – Policy – Safety Case Levies

N-11000-PL1790 – Policy – Well and Well Activity Levies

N-11000-PL1791 – Environment Plan Levies

[CRIS 2024 - 2026](#)