



# LAMINARIA-CORALLINA OILFIELDS DECOMMISSIONING LEVY

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## Discussion Paper

## Introduction

The Government has committed to introduce a temporary levy on offshore petroleum production to recoup the Commonwealth's costs associated with the decommissioning and remediation of the Laminaria-Corallina oil fields and associated infrastructure.

This paper contains more detail on the operation of the levy to provide certainty for entities that may be liable, ahead of the release of draft legislation to give effect to the measure.

Interested stakeholders will have an opportunity to provide feedback on the levy design in targeted consultations, to be facilitated by the Department of Industry, Science, Energy and Resources, commencing in June 2021. The Department is particularly interested in the interaction between the design of the levy and industry's existing data and operational processes.

You can contact the Department at [offshorelevy@industry.gov.au](mailto:offshorelevy@industry.gov.au).

## Levy design parameters

The Department is seeking your consideration of these parameters in view of the discussion questions outlined below.

### When will the levy commence?

- The levy will commence on 1 July 2021.

### What is the levy rate?

- The levy will apply at a rate of \$0.48 per barrel of oil equivalent (BoE) produced, as measured at the well-head.

### Who will have to pay the levy?

- All entities with an ownership interest in a petroleum production licence issued under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 will be liable for the levy.
- The levy will apply at the title holder (entity) level, with all members of a joint venture (JV) individually liable in proportion to their interest.
- The JV lead will be responsible for providing sufficient information to its partners to enable each entity to calculate its respective liability.
- Where an entity is entitled to petroleum produced from more than one project, the entity will make one levy payment to cover all of its interests for the year.

What is the timing for payment of levy liabilities?

- The levy will be paid on an annual basis, in arrears.
- The first payments, for the 2021-22 financial year, will be payable in the first half of 2022-23.

What information will be required to support levy payments?

- For each title area, evidence of annual gross physical production of petroleum at the well-head on a BoE basis.
- Information about the value of production will not be required.

How will the levy interact with Australia's existing tax settings?

- The levy will not be deductible for any other form of Commonwealth taxation, including Company Tax, Petroleum Resource Rent Tax (PRRT), the North West Shelf royalty or crude oil excise.

When will the levy terminate?

- The legislation will be drafted in such a way to end once the costs incurred by the Commonwealth of decommissioning the Laminaria-Corallina oil fields and associated infrastructure have been recovered.

Who is administering the levy?

- The levy will be administered by the Australia Taxation Office.

## Questions for discussion

1. What would you like us to take into account in designing the levy using a rate per barrel of oil equivalent?
2. Taking into account your existing data and operational processes, what design elements can we incorporate into the levy to assist with calculating the barrel of oil equivalent at the well-head?