

THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA

HOUSE OF REPRESENTATIVES

FSHORE MINERALS (EXPLORATION LICENCE USER CHARGE) BILL 1993

EXPLANATORY MEMORANDUM

culated by the authority of the Minister for Resources, the Hon Michael Lee, MP)



General Outline

The Bill imposes an annual user charge on all offshore minerals exploration licence holders in accordance with the 1993/94 Budget announcement that a user charge will be imposed on all Commonwealth offshore petroleum and minerals exploration and retention licences. The purpose of the charge is to raise from the industry approximately half of the cost of the geophysical work undertaken by the Australian Geological Survey Organisation in its Continental Margins Program. The level of the charge will be set by regulations, with a ceiling imposed in the Bill, and the charge will be payable to the Commonwealth.

The work done in the Continental Margins Program is aimed at offshore petroleum and little, if any, benefit flows from it to offshore minerals companies. The Bill provides a mechanism for the setting of charges for holders of offshore minerals licences if and when the Program is reoriented towards offshore minerals.

Financial Impact Statement

There will be no immediate effect on revenue to the Commonwealth since initially the charge on the holders of offshore minerals exploration licences will be zero. An appropriate amount will be prescribed when work under the Continental Margins Program becomes related to offshore minerals. The level of the charge will depend on the cost of the work and the number of licences existing at the time.

Notes On Clauses

Clause 1 – Short title

The Act may be cited as the *Offshore Minerals (Exploration Licence User Charge) Act 1993*.

Clause 2 – Commencement

The Act will commence on the same day as the *Offshore Minerals Act 1993*.

Clause 3 – Interpretation

The term "year" is defined to mean 12 months commencing on the day when the grant of the exploration licence is accepted by the applicant and every year or part of a year thereafter while the licence remains in force.

Clause 4 – Exploration licence user charge

An annual charge is imposed by this provision the level of which is to be prescribed by regulations. The maximum level of the charge is set at \$50,000 per annum.

Clause 5 – Holder liable to pay charge

The person liable to pay the charge is the licence holder and if there is more than one holder, each is liable jointly and severally.

Clause 6 – Time for payment

The charge must be paid within one month of the beginning of the year which is defined in Clause 3.

Clause – Penalty if user charge overdue

A penalty of 0.33% per day is imposed for late payment.

Clause 8 – User charge and penalties are debts due to the Commonwealth

The Commonwealth may recover the charge and any penalty in a court action.

Clause 9 – Regulations

Regulations may be made for the purposes of this Act. This provision is aimed at prescribing the level of the charge.

