

Cost recovery

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1. Background

The Offshore Infrastructure Regulator (OIR) is provided with functions and powers under the *Offshore Electricity Infrastructure Act 2021* (OEI Act)¹. The OIR is responsible for regulating work health and safety, infrastructure integrity² and environmental management of offshore infrastructure activities^{3,4}.

Costs associated with administering the functions of the OIR are recovered under the OEI Act framework.

The Department of Finance administers the Australian Government Charging Framework, and the OIR'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.

2. Purpose

The purpose of this policy is to provide a documented, systematic and consistent approach to OIR arrangements for full cost recovery for the administration and regulation of offshore infrastructure activities under the OEI Act framework.

3. Scope

This policy applies to OIR cost recovery, as provided for in the form of fees and levies specified in the OEI Act framework, including the applied work health and safety provisions⁵.

This policy does not cover requirements beyond the scope of the OEI Act and its regulations.

4. Relevant legislation

The following Commonwealth legislation gives direction to the OIR's cost recovery activities:

- *Offshore Electricity Infrastructure Act 2021* (OEI Act)
- Offshore Electricity Infrastructure Regulations 2022 (OEI Regulations)
- *Work Health and Safety Act 2011* (Cth) (WHS Act) as applied under the OEI Act

¹ See sections 177 and 178 of the *Offshore Electricity Infrastructure Act 2021*.

² See sections 8 and 177 of the *Offshore Electricity Infrastructure Act 2021*.

³ Sections 8 and 177 of the *Offshore Electricity Infrastructure Act 2021*.

⁴ Section 8 of the *Offshore Electricity Infrastructure Act 2021*.

⁵ Section 226 of the *Offshore Electricity Infrastructure Act 2021*.

- Work Health and Safety Regulations 2011 (Cth) (WHS Regulations) as applied under the OEI Regulations
- *Offshore Electricity Infrastructure (Regulatory Levies) Act 2021*
- Offshore Electricity Infrastructure (Regulatory Levies) Regulations 2022
- A New Tax System (Goods and Services Tax) Regulations 2019.

5. Australian Government Charging Framework

5.1. Application of the framework

The mechanism for setting the design of the OIR's cost recovery model is the preparation of a Cost Recovery Implementation Statement (CRIS) that meets the requirements of the Australian Government Cost Recovery Guidelines. The OIR must maintain an up-to-date CRIS to ensure the level and methods of cost recovery are transparent, efficient and equitable. The CRIS is published on the OIR's website at oir.gov.au.

The Australian Government's Charging Policy Framework distinguishes between two types of charges for regulatory activities, being fees and levies.

The OIR's cost recovery model has been designed to enable effective delivery of regulatory services on an ongoing basis. This will be delivered through a combination of fees and levies which will enable the OIR to implement an agile structure that can be responsive to changes in industry activity and associated workload over time.

The charging of regulatory fees and levies is provided for in the legislation referenced in section 4. The OIR is required to administer this legislation effectively and efficiently.

6. Alignment of fees and levies to cost recovery

The OIR's cost recovery charges comprise an annual compliance levy implemented through the different licence types⁶ and fees charged on applications made to the OIR for the approval of activities under the OEI Act and its regulations.

To effectively implement its functions and responsibilities under the OEI Act, the OIR's CRIS identifies staffing requirements necessary to meet projected regulatory work requirements. This staffing requirement is fully costed, including administrative overheads to determine an estimated total cost for the delivery of regulatory functions.

The OIR was established to be 100 per cent cost recovered. 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.

A fully cost recovered regime allows the OIR to deliver high quality regulatory services and ensure the costs of administering the regulatory framework are borne by the offshore renewables industry.

⁶ See section 8 and Chapter 3 of the *Offshore Electricity Infrastructure Act 2021*.

6.1. Calculation of fees and levies for activities under the OEI Act

Fees and levies are applied to offshore infrastructure activities according to the type of licence and the type of submissions made to the OIR. Further information on how the OIR calculates and issues fees and levies can be found in the OIR's *Regulatory fees and levies policy*.

7. Maintenance of cost recovery implementation statements

In accordance with Australian Government Cost Recovery Guidelines, the OIR periodically reviews its CRIS to ensure the level and methods of cost recovery are transparent, efficient and equitable.

Should legislative or regulatory amendments result in adjusted fees, unit values or levies any instalments that remain unpaid on the date from which the legislative amendments commence will be modified accordingly.

8. Monitoring

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

9. Related documents

N-11300-PL2064 – Policy - Regulatory fees and levies

Australian Government Cost Recovery Policy | Department of Finance