

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Department of Industry, Science, Energy and Resources

Inquiry into the Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions] and Treasury Laws Amendment (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021 [Provisions]

08 November 2021

AGENCY/DEPARTMENT: DEPARTMENT OF INDUSTRY, SCIENCE, ENERGY AND RESOURCES

TOPIC: Internal discussion on engaging Woodside to provide a scoping study on the cost of decommissioning

REFERENCE: Question on Notice (Hansard, 08 November 2021, Page 31)

QUESTION No.: 4

Senator Cox: ... The government paid \$9 million to Woodside, the original owners of the abandoned site, for expert advice. What information was secured through this advice?

Mr Gaddes: At the stage that the government took over the FPSO and started to manage the process, they needed to form a view about whether or not there was scope to restart production at the facility or whether to decommission the facility. This is an issue that has been well canvassed in this committee previously. As a part of that, they paid the former operator to provide a scoping study on the cost of decommissioning. The government also went through and provided advice from upstream production services around the economic viability of restarting production, and they had both of those pieces of work peer-reviewed by GaffneyCline. That information went to government before government made the decision that the safest and most efficient way to deal with the FPSO and the fields was to decommission them with a levy.

Senator COX: To ask a clarifying question on that: that is the former operator?

Mr Gaddes: Once removed—Woodside was before the NOGA group of properties, so they were not the operator that was in charge at the time that the companies went into liquidation.

Senator COX: Still, my procurement background tells me that there might have been a conflict of interest in that.

Senator Cox: Were there any discussions internally, through this procuring advice, about financially rewarding a company that pushed millions of dollars in mediation costs onto the taxpayer?

Mr Gaddes: I'd have to take that one on notice.

Senator COX: You can take that one on notice.

ANSWER

Woodside Energy, as a previous titleholder constructed and operated the Northern Endeavour Floating Production Storage Offtake (FPSO) facility for approximately 15 years. It was engaged to provide expert advice on what would be required to decommission the FPSO, associated infrastructure and remediate the Laminaria and Corallina fields. The decommissioning scoping study included advice on the decommissioning scope, indicative costs and schedule, and regulatory matters.

The procurement for this activity was conducted within the Commonwealth Procurement Rules. As the former owner and operator until 2015, Woodside had extensive knowledge of and experience with the FPSO and was well placed to provide timely and detailed decommissioning advice. Given their experience and the urgency of the required advice this engagement was considered to be value for money.