



Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

By email: economics.sen@aph.gov.au

8 November 2021

Dear Committee Secretary,

Inquiry into 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

Jubilee Australia Research Centre welcomes the opportunity to provide a submission to the Senate Standing Committee on Economics in its Inquiry into 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].

Who we are

The Jubilee Australia Research Centre engages in research and advocacy to promote economic justice for communities in the Asia-Pacific region and accountability for Australian corporations and government agencies operating there.

Our position

We endorse the submissions to this inquiry of Publish What You Pay (a coalition of which Jubilee Australia Research Centre is a founding member) and the Maritime Union of Australia.

We are concerned that the Laminaria-Corallina fields must be transferred to Timor-Leste in an acceptable state.

We also wish to raise our concerns regarding the environmental risk posed to Timor-Leste and West Timor that surrounds the decommissioning process.

Concerns regarding the transfer of fields to Timor-Leste

We believe that it is essential that the Laminaria-Corallina fields are transferred to Timor-Leste in an acceptable state.

Laminaria-Corallina made about US\$6.8b in sales for Woodside and its partners, and has delivered \$2.2b to the Australian government. However, Timor-Leste has received nothing.

The terms of the 2019 Maritime Boundary Treaty mean that once the field is commercially depleted and the boundary with Indonesia is settled, it will become part of Timor-Leste's territory.

It is imperative that Laminaria-Corallina be transferred in a state that is safe, stable, and clean.

Concerns regarding potential damage to livelihoods in Indonesia

The effective decommissioning of offshore infrastructure is a significant issue, as it poses immense repercussions for our neighbours in Timor Leste and Indonesia, who are often located more proximate to Australian offshore infrastructure than Australians.

The Northern Endeavour is located closer to the Indonesian coast than Australia: 550 km West North West of Darwin and 250 km East South East of Kupang in West Timor.¹

The Northern Endeavour is located close to Indonesian fishing grounds in the Timor Sea, which thousands of fisher families in West Timor, Rote Island and surrounding islands depend upon to earn their livelihood.

These fishing grounds were significantly impacted following the 2009 PTTEP Australasia Montara oil disaster. Antralamor, the local fishermen's fishing association based in Kupang, has previously asserted that following the Montara oil disaster, fish catches were significantly reduced, leading to local fishermen travelling further distances closer to Timor Leste waters in order to find sufficient fish to earn their income. Antralamor also reported that mass migration of fishermen away from Kupang had occurred in order to find work as fish catches were so low.²

Fishermen from Kupang and surrounding regions have still not received any form of compensation or appropriate investigation of alleged reductions in fish catch following the Montara oil disaster. A complaint with UN special rapporteurs lodged by Kupang-based non-government organisation, West Timor Care Foundation, regarding this issue, is still in traction.

Previous modelling undertaken by Indonesia's Centre for Energy and Environmental Studies found that following the Montara spill, economic loss to the fishing and seaweed industries ran to approximately \$AUD1.5 billion per year.³

In 2016, a class action was lodged in the Federal Court of Australia on behalf of approximately 15,000 seaweed farmers in Kupang and Rote Island, regarding economic loss sustained as a result of the Montara oil spill. In 2021, the Federal Court of Australia found that PTTEP Australasia breached its duty of care, in allowing more than 2,500 barrels of oil to spill into the Timor Sea, every day, for 74 days. The amount of compensation to be owed to seaweed farmers in the class action is yet to be determined.⁴

The communities affected in West Timor and surrounding islands have faced significant challenges in securing compensation for the destruction of their livelihoods. This has been due to a number of factors, including the remoteness of the area, but most significantly, the transboundary nature of damage.

¹ Woodside, Northern Endeavour FPSO, Operations Environment Plan Summary, (February 2015) at 6, available at <https://docs.nopsema.gov.au/A405982> (accessed 9 November 2021).

² Australian Lawyers Alliance, *After the Spill: Investigating Australia's Montara oil disaster in Indonesia* (2015) at 88.

³ See *After the Spill*, at 5.

⁴ Maurice Blackburn Lawyers, 'Montara oil spill action', available at <https://www.mauriceblackburn.com.au/class-actions/current-class-actions/montara-oil-spill-class-action/> (accessed 9 November 2021).

Although twelve years have passed since the Montara oil disaster, and although it was the largest oil spill in the history of Australia's offshore industry, communities in West Timor have yet to receive any compensation for the damage that they experienced and which has been sustained for many years.

Environmental damage also remains outstanding and uncompensated, including the flow-on impacts of dead mangroves (such as flooding), and damage to coral, seagrasses, fish stocks, dolphin and whale populations, and the marine environment.

The Northern Endeavour is located exactly the same distance from Indonesia as the Montara wellhead – 250 km. (The Northern Endeavour is located approximately 250km from Kupang; Montara wellhead was located approximately 250 km from Rote Island). Therefore, the proximity of location for potential damage is eerily parallel.

We are concerned that in the event that any damage were to originate from the Northern Endeavour and Laminaria-Corallina fields, that communities in Timor Leste, West Timor and surrounding islands would bear the catastrophic impacts, and face similar challenges in being able to access justice and receive compensation.

It is therefore absolutely essential that decommissioning processes - and the financing of decommissioning infrastructure - is undertaken in a manner that is adequately resourced, adequately regulated, and adequately funded.

A levy is appropriate

In July this year, researchers identified that over the next 50 years, the cost of decommissioning offshore oil and gas infrastructure is expected to exceed US\$45 billion. Yet 'unlike countries such as Norway, the United Kingdom and the Netherlands, Australian decommissioning activities are in their infancy, with only three cases (to date) in Commonwealth waters where infrastructure has been left in place or partially removed as part of decommissioning'.⁵

We believe that a levy imposed on industry is an appropriate mechanism to ensure that the Australian government (and taxpayers) do not foot the bill for decommissioning offshore oil and gas infrastructure.

Further transparency required

However, we believe that it would also be appropriate to impose further requirements to increase transparency, including ensuring that there is public reporting of levies paid on an annual basis. At present, Australia plays a supporting role to other countries seeking to participate in the Extractive Industries Transparency Initiative (EITI),⁶ however there needs to be stronger commitment by Australia to implementation and direct participation in the EITI.

⁵ J Melbourne-Thomas, K R Hayes, A J Hobday, L R Little, J Strzlecki, D P Thomson, I P, S E Hook, 'Decommissioning Research Needs for Offshore Oil and Gas Infrastructure in Australia' *Frontiers in Marine Science* (29 July 2021), available at <https://www.frontiersin.org/articles/10.3389/fmars.2021.711151/full> (accessed 9 November 2021).

⁶ EITI, 'Australia,' available at <https://eiti.org/supporter/australia> (accessed 9 November 2021).

A regulator must be nominated

We note that the Northern Endeavour facility is no longer regulated under the OPGGS Act. We urgently endorse the recommendation of the Maritime Union of Australia that it is essential that a legally binding safety regulator be nominated for this work, in order for the decommissioning work to progress safely and with no environmental harm.