

Questions on Notice

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

Responses from the Offshore Alliance/MUA/AWU – 11 November 2021

1. *What checks and balances would you recommend, given the Minister's power to lower or terminate the levy early?*

Work under the levy should not be allowed to proceed in the current legal limbo, with no legally enforceable legislation or regulator for work health and safety, environmental standards, or the integrity of the oil and gas wells on the field. Legislation and a regulator in each of these areas must be nominated with urgency.

The Minister should not have unilateral power to reduce or terminate the levy. Any reduction or termination of the levy should be subject to an inspection by suitably qualified divers and a publicly-available inspection report to verify that the work required under the EPBC Act referral and any other nominated legislation is complete. This will include:

- . All wells being permanently plugged
- . Removal of all oil and gas equipment and property
- . Provide for the conservation and protection of natural resources in the area
- . To make good any damage to the seabed or subsoil caused by the oil and gas activities

The legislation should be amended to require that any change to the end date or the amount of the levy should be made only by a disallowable Parliamentary instrument, accompanied by the report above.

Many participants in this inquiry (including unions, industry and environmental groups) expressed questions about the timeline for full decommissioning. We would welcome DISER providing any research indicating that a 2029 end-date for the levy is suitable in the legislation for the task that remains (including any technical triggers for the indication of 'complete' decommissioning).

Finally, we have noted another issue in the legislation with regards to the definition of decommissioning. The definition of decommissioning includes the following clause:

- (b) the suspension, plugging (whether temporary or permanent) and abandonment of wells in the Laminaria and Corallina oil fields and flushing of associated pipelines; and

Like other issues we have identified with the proposed definition of 'decommissioning' in the Bill (see p.15-16 of our submission), this does not align with the accepted language in the OPGGS Act or Directions NOPSEMA has issued for decommissioning work. Temporary plugging and abandonment must be removed from the definition. The completion of the work under this levy must involve permanent plugging of wells.

2. *Decommissioning offers huge employment opportunities for Australians - far more than the gas industry offers during production phase. A lot of the \$50bn clean up bill over the next decade will be in labour and wages. In your view will this happen with an Australian workforce or outsourced overseas?*

Part of the decommissioning task is undertaken at sea on the facility, or on other vessels, or by divers, while the rest must be done on land once infrastructure has been removed from the sea floor. All tenders over \$1 million must be subject to Australian Industry Participation Plans. Given the amount of vessel-based work, regulations for these Plans must also be put in place under the Australian Jobs Act to ensure that they properly require Australian-crewed vessels (this is not currently the case).

In the absence of specific measures to ensure Australian industry participation, it is likely that countries like Indonesia, Singapore, Malaysia and Thailand are likely to be destinations for the growing pool of decommissioning work, and be a source of vessels and crew to carry out the work.

The other risk is that onshore or inshore contractors or workers are employed to carry out the work. This has recently happened with Chevron's Thevenard decommissioning project. In this case, multiple companies bid for a decommissioning diving tender at offshore rates, but Chevron awarded the contract to a company (TAMS) with limited offshore diving experience on much cheaper inshore rates. This means that cheaper more unsafe gear would be used, and less qualified and experienced divers would be attracted to carry out the work. In this case, divers and the MUA were able to ensure that in the end offshore diving rates and safety measures were implemented. However, this should act as a warning, and government must be vigilant against a race to the bottom in the tenders for decommissioning work.

In our view, decommissioning work should only be carried out by companies with at least 10 years of experience operating in the OPGGSA regime, hiring workers with at least 10 years of experience in the OPGGSA regime. To facilitate this, NOPSEMA should create a Decommissioning Licence for contractors and a Decommissioning Work Card for workers to validate their experience and ensure they are fit to carry out this work.

With appropriate government support, Australia could take not only the opportunity for local decommissioning work, but provide our skilled oil and gas workers to the region. For this reason, we recommend the establishment of a dedicated decommissioning yard in Australia.