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Re: Submission to 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] from Friends of the Earth (Australia)

Introduction

Friends of the Earth (Australia) is a national, membership based environmental organisation which has been active for more than 45 years. We appreciate the opportunity to provide comments on the Submission to 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]. The levy is a welcomed response to the absence of industry responsibility over the decommissioning of the Northern Endeavour.

The Offshore Gas Industry

This problem has arisen because the offshore gas industry, much like the rest of Australia's fossil fuel industry, thinks it can do as it pleases without consequences. Not only does this industry make a significant contribution to Australia's carbon emissions, but it also pays very little tax and avoids responsibility for the environmental damage it causes. This was seen by Woodside's response to the clean-up of the Northern Endeavour, in which a spokesperson claimed that Woodside sold the asset in a "commercial, arm's length transaction ... in compliance with the law" and therefore was not responsible for the clean-up bill. Similarly, APPEA has expressed that "a levy is unreasonable and a disincentive for investment at a time when policy stability and certainty is critical." In reality, a levy provides certainty to investors because costs need to be added into decision making about further oil and gas developments. This helps protect the taxpayer.

Future Decommissioning

Australia has over 2,000 offshore wells, around 30 platforms, and thousands of kilometres of undersea pipeline around its Commonwealth waters. Many of these are coming to the end of their working life and will need to be rehabilitated in coming years. The industry-wide clean-up bill due over the next 30 years is estimated at \$60 billion. This does pose a challenge, but can also be seen as an opportunity to provide well paid jobs for workers who are currently employed in the offshore industry while Australia transitions away from fossil fuels and towards renewable energy. It's important that these jobs are safe, secure and well paid.

Additional Legislation

Friends of the Earth (Australia) also welcomes the passing of the Offshore Petroleum and Greenhouse Gas Storage Amendment (Titles Administration and Other Measures) Bill 2021. We believe that this legislation plays an important role in ensuring that we don't see a repeat of the Northern Endeavour. That said, more needs to be done.

Extending the Levy

Friends of the Earth (Australia) believes that the offshore gas industry cannot be trusted with the future decommissioning of assets. Section 7(1b) of the bill explains that the levy will end with the financial year beginning on the 1st of July 2029, with the option to end it earlier if the cost of decommissioning Laminaria and Corallina are met before this. We recommend an adjustment to this clause, establishing a permanent extension of the levy in order to finance all future decommissioning. Doing this will ensure that decommissioning is done, jobs are secured to do the work and that it will be financed by the industry that has created the problem, not the taxpayer.

Additional Comments

Section 6(2)

Section 6(2) of the bill defines the term 'decommissioning' as an activity that amongst other processes, includes abandonment of wells. Abandoning fossil fuel infrastructure in the ocean has the potential to be incredibly damaging for ecosystems.

Section 11(1)

Section 11(1) of the bill demonstrates that the levy will be calculated on the basis of petroleum amount, and not price. Friends of the Earth (Australia) supports this method of calculation.