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AUSTRALIA

8th November

Senate Standing Committees on Economics

PO Box 6100

Parliament House

Canberra ACT 2600

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Dear Committee Secretary,

**Re: 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]**

PWYP Australia is a coalition of anti-corruption, human rights, faith-based, environment, landowner and union organisations campaigning for greater transparency and accountability in the oil, gas and mining sectors.¹ PWYP Australia works with the global Publish What You Pay coalition, a network of over 1000 organisations in more than 51 countries around the world, united in our call for an open and accountable extractive sector, so that communities share in the benefits of our natural resources and a just transition.

Publish What You Pay (PWYP) Australia welcomes the opportunity to make a submission into this inquiry. On balance, we support the introduction of a levy paid by eligible oil and gas companies to cover the financial costs borne by the government of decommissioning and remediating the Laminaria and Corallina oilfields and associated infrastructure.

¹ More information on the 30 organisations that make up the Publish What You Pay Australia coalition go: www.pwyp.org.au



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Our submission focuses on improving the transparency and reporting requirements around the scheme and the need for greater transparency of Australia's governance of oil, gas and mining revenue flows to reduce corruption risks and ensure workers and communities are not behind in the energy transition.

Alongside investment in offshore wind and renewable energy hubs, decommissioning and remediation of offshore infrastructure will be a source of well-paid, skilled and specialised jobs for offshore gas and oil workers in the energy transition. For example, the remediation of the Hazelwood mine is expected to take 10 years and provide work for 200 contractors over the duration. The risk of further stranded assets related to the energy transition, including offshore gas and oil infrastructure, will require greater transparency and accountability from the federal government and companies. This includes adequately informing communities of the economic, social and environmental impacts and costs. In this sense, this new levy is an opportunity to be part of the policy solutions to help ensure a just transition for communities and workers.

The Centre of Decommissioning Australia (CODA) estimates the costs of decommissioning Australia's offshore gas and oil assets to be around \$50billion in the coming years.² We would welcome greater transparency for government and companies as to how much money is being set aside for these decommissioning costs.

Noting that the levy is payable to the Commissioner of Taxation annually, is not clear on how companies or the government will report on payments related to levy. Whilst the end date is set at 2029, we are not sure on the exact amount required for this specific decommissioning. This lack of transparency risks keeping companies, communities and government unsure as to the effectiveness and quantum of the levy and the workings of the oil, gas and mining sectors more broadly.

Other countries with established offshore oil and gas sectors including Norway, UK, Indonesia, Papua New Guinea and Timor-Leste all implement the gold standard of domestic resource governance known

² The CODA is a collaboration between many of the world's major oil and gas companies, including Chevron, Woodside Energy, Santos Limited, Esso Australia Pty Ltd, and BHP and many leading service and research organisations. See <https://www.nera.org.au/News/CODA-launch/CODA-launch>

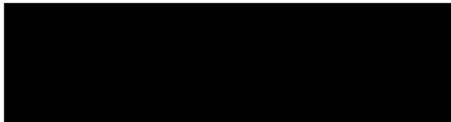


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as the Extractive Industry Transparency Initiative (EITI). Despite bi-partisan support and the commitment by former Resources Minister, Hon. Josh Frydenberg in 2016 for Australia to join the EITI, the government has chosen to delay any progress on Australia becoming an EITI country. This levy and reporting of revenue payments from companies and those that governments collect could be included in Australia's EITI reporting if agreed to by the multi-stakeholder group tasked with overseeing the EITI. Australian implementing the EITI is in the national interest and would demonstrate the government's commitment to transparency and integrity in the governance of our oil and gas sector.

We would be happy to discuss this submission in more detail and look forward to working with the Commonwealth to strengthen Australia's transparency and good governance of the oil, gas and mining sectors.

Yours sincerely,



Clancy Moore

National Director

Publish What You Pay Australia