



Australian Government
**Department of Industry, Science,
Energy and Resources**

Senator Paul Scarr
Chair
Senate Economics Legislation Committee
Parliament House
CANBERRA ACT 2600

Dear Senator Scarr

On reviewing the Proof Hansard of the testimony given by the department at the Senate Economics Legislation Committee Decommissioning Levy Bills Public Hearing on 8 November 2021, we have identified that some of the information provided to the Committee would benefit from clarification and correction.

The following exchange occurred between Senator Chisholm and myself, on page 26 of the Proof Hansard:

Senator CHISHOLM: Is there a reason why the levy does not terminate automatically—once the stated objective of recovering the Commonwealth costs of decommissioning and remediating the gas fields?

Mr Trotman: It goes partly to what I provided, that because we don't have the final cost for the total remediation and decommissioning we will establish a review process on a year-on-year basis, so that the minister for resources will be able to decide, based on advice from the tax commissioner, whether the levy has covered all the costs of the decommissioning and remediation. Each year, by legislative instrument, the minister will make a determination for the levy to either finish or be extended. Again, in a year when the minister considers that all the costs have been recovered the rate could be adjusted to nil and then the levy could be terminated, and that again would be by legislative instrument.

The Resources Minister may decide to make a determination. A determination will not necessarily be made each year.

The department also notes that any determination made by the Resources Minister will be to state the Commonwealth's unrecovered costs or to terminate the levy early if the Resources Minister is satisfied the Commonwealth's costs have been recovered. If the Resources Minister has made a determination in relation to the Commonwealth's unrecovered costs, the distributed levy rate is calculated in accordance with section 11(2) of the *Offshore Petroleum (Laminaria and Corallina Decommissioning Cost Recovery Levy) Bill 2021*.

The following exchange occurred between Senator Chisholm and myself, on page 28 of the Proof Hansard:

Senator CHISHOLM: Treasury published an exposure draft of this bill in September, and the definition of 'decommissioning' included the phrase 'removal of subsea infrastructure'. In the version before parliament, this has been updated to read: 'removal or any other treatment'. When was this added, and why?


Mr Trotman: I think that question's probably best asked of Treasury. We're unaware of the answer to that.

On 17 September 2021, the department requested the Office of Parliamentary Counsel make an addition to section 6(c) of the exposure draft legislation for the Laminaria and Corallina Decommissioning Cost Recovery Levy.

This addition reflects that options other than complete removal may be considered, provided that the alternative decommissioning approach delivers equal or better environmental, safety and well integrity outcomes compared to complete removal. It provides flexibility to ensure that all options can be considered to deliver the best environmental outcome.

I apologise for any inconvenience caused and ask that you alert other members of the Committee to this correction.

Yours sincerely



Paul Trotman
Head of Division
Resources Division
12 November 2021