

Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Department of Industry, Science, Energy and Resources
2020 - 2021 Additional Estimates

AGENCY/DEPARTMENT: Department Of Industry, Science, Energy and Resources

OUTCOME: Program 1.3: Supporting a strong resources sector

TOPIC: Decommissioning audit

REFERENCE: Spoken Question (Hansard Page 111)

QUESTION DATE: 25 March 2021

QUESTION No.: AI-29

Senator WALSH: Has the government conducted a wider audit of all these sorts of assets and who is responsible for their decommissioning into the future?

Ms Illman: That is not a question that the policy department would necessarily answer. It may be one best for the regulator, NOPSEMA.

Mr Sullivan: That is a really good question, Senator, as I think you are going as to what is the sort of liability and what this looks like in terms of the future not just with respect to the Northern Endeavour. There are various estimates as to the range of decommissioning and the time frame for decommissioning, but it is in the order of \$50 billion to \$60 billion of decommissioning over the next three decades.

The decommissioning process and the review process—the Walker review and then consideration by government—is really complex, but we have to get it right because of the future liability over the next two to three decades. So part of this is recognising that we need to basically keep our regulatory framework as best-of-breed as possible, understanding, though, that we are only just coming into that decommissioning phase. So there is a lot of benefit in looking towards countries like the UK, Norway and others, which are much more mature with respect to decommissioning.

Does that help?

Senator WALSH: Yes, thank you. The \$50 billion to \$60 billion figure that you just mentioned on future decommissioning; where do you draw that from?

Mr Sullivan: It is from an estimate from Wood Mackenzie, from memory. But I can check. I'll confirm that on notice to make sure I have that correct.

ANSWER

The figure is an estimate from Wood Mackenzie. Wood Mackenzie estimates the current cost of Australia's decommissioning to more than US\$49 billion (Approx. A\$60 billion)¹. The figure was published in the 9 March 2020 Australia Oil & Gas Industry Outlook Report and is based on the full removal of the Australian petroleum industry's onshore and offshore infrastructure/assets with no extensions to the productive life of any existing infrastructure.

¹ The number quoted by Wood Mackenzie was US\$39 billion. This has since been clarified to be US\$49 billion.