



Review of the framework for decommissioning offshore petroleum infrastructure in Commonwealth waters

Terms of Reference

Introduction

As the Australian offshore petroleum sector continues to mature, an increasing number of offshore petroleum projects in Commonwealth waters¹ are reaching the end of their productive lives. It is anticipated that within the next two decades a substantial number of these projects will need to be decommissioned. To prepare for increased decommissioning activity, the Department of Industry, Innovation and Science (the department) is reviewing the policy, regulatory and legislative framework for decommissioning offshore petroleum infrastructure in Commonwealth waters (the framework).

This is the first comprehensive review of the framework. A review of this kind was recommended through a number of recent Commonwealth Government reviews.² The review also responds to calls from the offshore industry for greater clarity in government policy and expectations – to enable more effective planning of decommissioning activities.

Purpose

The review aims to ensure the Commonwealth decommissioning framework is fit-for-purpose, positions Australia to respond to decommissioning challenges and opportunities now and into the future, and meets the expectations of government, industry and the broader Australian community. To this end, the review aims to identify areas where the framework could be clarified, rationalised or improved.

The review focuses primarily on environmental and well integrity outcomes, and regulatory oversight.

The review also aims to ensure that Australia continues to meet and represent leading practice in the regulation of offshore petroleum operations – through examining the regulation of decommissioning in comparable overseas jurisdictions. Additionally, the review will examine comparable domestic frameworks (particularly those applicable to the onshore petroleum and mining sectors) as examples of where Australia has already successfully implemented decommissioning requirements.

The review is expected to result in a revised policy framework for decommissioning, which will set out final proposals to improve the Commonwealth decommissioning framework – including an assessment of regulatory impacts – and foreshadow any necessary legislative or regulatory changes.

¹ “Commonwealth waters” refers to waters beyond the outer limits of the coastal waters of a State or Territory (further than three nautical miles from the territorial sea baseline), and within the limits of the continental shelf.

² Including the Offshore Petroleum Resource Management Review Interim Report and the 2015 Operational Review of NOPSEMA. Reference to the department’s decommissioning review was also made in the [Petroleum Resource Rent Tax Review Final Report](#) and [Interim Government Response](#).



Terms of Reference

The review will:

1. Consider the design, operation and application of the existing policy, legislative and regulatory framework (as administered by the Commonwealth Industry, Innovation and Science portfolio) for decommissioning offshore petroleum infrastructure in Commonwealth waters – having regard to the expectations of industry, government and the broader Australian community.
 - a. Consider the role and expectations of, and interactions between, agencies responsible for administering the framework.
 - b. Investigate potential gaps or shortfalls in the framework, and explore opportunities to clarify, rationalise and improve the framework where appropriate.
 - c. Consider legislation, regulation and policy administered by other government portfolios directly applicable to decommissioning, explore opportunities to clarify its application and interaction with the framework administered by the Commonwealth Industry, Innovation and Science portfolio, and investigate streamlining opportunities where appropriate.
2. Consider approaches to the regulation of decommissioning in offshore petroleum sectors overseas, and in domestic onshore petroleum and mining sectors.
 - a. Benchmark the Commonwealth offshore petroleum decommissioning framework against domestic and international comparators.
 - b. Consider if and how elements of domestic and international decommissioning frameworks might be adopted in the Commonwealth offshore petroleum sector.
3. Recommend options to clarify, rationalise and improve the framework for decommissioning offshore petroleum infrastructure in Commonwealth waters, having regard to matters such as:
 - a. Optimising environmental, safety, well integrity and other regulatory outcomes.
 - b. Minimising current and future liability exposure to the Australian community.
 - c. Providing clarity and certainty on the obligations and roles of industry and government.
 - d. Optimising resource recovery.
 - e. Petroleum Resource Rent Tax implications.
 - f. Minimising regulatory burden on industry.
4. Consider other related matters.



Excluded

The policy, regulatory and legislative framework for decommissioning greenhouse gas injection and storage infrastructure, as well as decommissioning undertaken in the Joint Petroleum Development Area and Eastern Greater Sunrise are excluded from the scope of the review.

Timeframe

The conclusions of the review will be provided to the Minister in 2020.

Opportunities for input

The department will undertake extensive consultation throughout the review, and encourages input from all interested stakeholders. Consultation will include releasing a public Discussion Paper and Options Paper, and hold supporting in-person public discussion forums and consultations.

Public discussion paper and supporting consultations

The department will release a public Discussion Paper. It will outline potential issues associated with the existing Commonwealth framework, benchmark it against international and domestic comparators, and suggests options for improvement. The paper's key purpose is to seek feedback on potential options to clarify, rationalise and improve the Commonwealth decommissioning framework, gauge levels of support for each, and invite suggestions as to options that have not been considered.

The department will hold discussion forums to talk about issues and options, answer questions and seek verbal feedback on the Discussion Paper. These will be held in Perth and Melbourne. If there is sufficient interest, sessions will also be considered in capital cities near major offshore petroleum activity.

The submissions and comments received in response to the Discussion Paper and through the forums will inform the department's Options Paper.

Public options paper and supporting consultations

The department will release a public Options Paper that will set out the government's preferred options for clarifying, rationalising and improving the Commonwealth decommissioning framework. The paper's key purpose is to seek feedback on the government's preferred policy options, with a view to refining those options before finalising a revised decommissioning policy framework.

The department plans to hold sessions to talk about the proposed options, answer questions and seek verbal feedback on the Options Paper. These will be held in Perth and Melbourne. Sessions will also be considered in capital cities near major offshore petroleum activity.

The revised policy framework will be determined based largely on submissions to the Options Paper, as well as feedback received through the supporting public consultations.

Contact

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