

LEGISLATIVE COUNCIL ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Decommissioning Oil and Gas Infrastructure

Melbourne – Wednesday 10 December 2025

MEMBERS

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David Ettershank – Deputy Chair

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Evan Mulholland

Rachel Payne

Aiv Puglielli

Richard Welch

WITNESSES (*via videoconference*)

Dr Kylie Walker, Chief Executive Officer, and

Professor Robert Melchers, Fellow, Australian Academy of Technological Sciences and Engineering; and

Kevin Morrison, Energy Finance Analyst, Australian Gas, Institute for Energy Economics and Financial Analysis.

The CHAIR: Welcome back to the proceedings of the Legislative Council Environment and Planning Committee's Inquiry into Decommissioning Oil and Gas Infrastructure in Victoria.

We have got witnesses joining us today from the Australian Academy of Technological Sciences and Engineering and the Institute for Energy Economics and Financial Analysis, all joining us by Zoom.

I will just read out this brief statement: all the evidence that we take today is protected by parliamentary privilege as provided by the *Constitution Act 1975* and provisions of the Legislative Council standing orders. Therefore the information that witnesses provide during the hearing is protected by law. You are protected against any action for what you say during the hearing, but if you go elsewhere and repeat the same things, those comments may not be protected by this privilege. Any deliberately false evidence or misleading of the committee may be considered a contempt of the Parliament.

All evidence is being recorded, and you will be provided with a proof version of the transcript following the hearing. Those transcripts will ultimately be made public and posted on the committee's website.

Welcome to you all. My name is Ryan Batchelor. I am the Chair of the Environment and Planning Committee and Member for Southern Metropolitan Region. I will ask members of the committee in the room to introduce themselves, starting with Gaelle.

Gaelle BROAD: Good afternoon. I am Gaelle Broad, Member for Northern Victoria.

Melina BATH: Melina Bath, Eastern Victoria.

Wendy LOVELL: Wendy Lovell, Northern Victoria.

Sarah MANSFIELD: Sarah Mansfield, Member for Western Victoria.

The CHAIR: And we have got a couple more who will join us in just a moment. What I might do to start with is ask each of you in turn to please state your name and the organisation you are appearing on behalf of for the Hansard record. Rob, do you want to go?

Robert MELCHERS: Rob Melchers, University of Newcastle, and it is the Australian Academy of Technological Sciences and Engineering that I am representing.

The CHAIR: Thanks. Kylie.

Kylie WALKER: Thank you. I am Kylie Walker. I am the CEO of the Australian Academy of Technological Sciences and Engineering.

The CHAIR: Kevin.

Kevin MORRISON: My name is Kevin Morrison. I am an Energy Finance Analyst with the Institute for Energy Economics and Financial Analysis, and I am based in Sydney.

The CHAIR: Thank you all for coming in. The way we run these things is pretty straightforward. We will invite you to make a short opening statement, and then we will go over to questions. I do not know which of you would like to start? Kylie, over to you.

Kylie WALKER: Thank you, Chair. I am happy to speak on behalf of Rob and myself. Rob is appearing as a fellow of ours. Thanks, Chair, and thank you, honourable members, for the opportunity to address you today.

I want to acknowledge that I am joining you from Ngunnawal country here in the nation's capital and to acknowledge the many traditional owner groups that are represented by those who are in the room virtually and physically today as well as the ongoing commitment and achievement over 60,000 years of applied science and engineering that is represented by that continuous custodianship of country. The academy, ATSE, is a learned academy of independent experts in applied science, technology and engineering. We help Australians to understand and use technology to solve complex problems. In 2024 we developed a report exploring technologies and opportunities associated with decommissioning offshore oil and gas facilities. That report was commissioned by the federal Department of Industry, Science and Resources, and in fact the Minister for Resources, as part of the development of the *Australia's Offshore Resources Decommissioning Roadmap* which has heavily referenced the report that we produced to support an evidence-informed approach.

As I mentioned, I am joined today by Professor Rob Melchers, who is one of our fellows and one of the lead authors of that report. Our report found that – and our submission draws on it obviously very heavily – as a comparatively nascent industry, Australian decommissioning can and should leverage our relationships internationally in places where this industry is more advanced, like the UK, Norway, the US and the Netherlands, but also take the opportunity to co-develop with our friends and neighbours in South-East Asia. There are a range of levels of advancement in our global region, but what we have found is that we can take learnings from what has and has not worked elsewhere, and that gives us the opportunity as a nation to take a best practice approach from the outset.

Since the release of ATSE's report, the Australian government has taken first steps to partnering with mature decommissioning industries. There has been a bilateral agreement with the UK to cooperate on areas like supply chains, knowledge, skills, regulations and financing. As that decommissioning industry takes shape, ATSE's advice is that this is timely for the Victorian government to consider your role in supporting and regulating decommissioning those oil and gas facilities. The government has some valuable opportunities to elevate Australia's technical capability in doing that, as well as your international standing in the decommissioning sector. I think the first opportunity that you can have is to look at international best practice and apply it in the local context to shape a uniquely Victorian response, because while there is a lower level of research capability on decommissioning compared with other nations that have more mature industries, there is local expertise in related industries like marine science, like recycling, which can also be shared the other way with our international partners.

The second opportunity for Victoria is to develop a centralised body of knowledge specifically created to support the process of oil and gas decommissioning in the state, and that could be a central and comprehensive repository of information that has Australian decommissioning standards, regulatory information, best practices and other key information to guide that practice. Some of that is being undertaken at the federal level, but it may not take into account local opportunities that exist. By developing a comprehensive register of infrastructure due to decommission, with an inventory of waste streams included to support a circular economy as it develops, the Victorian government can also benchmark a critical support mechanism for industry, academia and government to come together and collaborate on this new industry, and that could also, importantly, serve as a strategic lever to enhance international and interstate collaboration and partnerships too.

My final point would be that the Victorian government has an opportunity to leverage the decommissioning industry to transition displaced workers who have relevant skills. That does obviously require time and investment, but the reskilling of offshore oil and gas workers could provide a future-ready workforce for the emerging industry, as well as obviously fulfilling career paths that are appropriate to skills that are already learned. Augmenting previously held certificates to support workers to transition from offshore oil and gas into decommissioning would leverage that familiarity, that expertise, and obviously also act as an incentive to transition to those priority areas.

We know that those facilities need to be decommissioned. It is an important aspect of Australia's energy transition, as well as the ordinary life cycle of these facilities. I guess ATSE would urge the government to see this as an opportunity as much as a responsibility, and see it as an opportunity to build skills and strengthen links between research, industry, and interstate and international partnerships.

The CHAIR: Thanks, Kylie. Kevin.

Kevin MORRISON: Thank you very much. My name is Kevin Morrison. I am an Energy Finance Analyst at IEEFA, and I thank the committee for the opportunity to participate in this very important inquiry. Just as way of background for the committee members, I have been with IEEFA for the past three years and prior to that I was a journalist. Twenty of my 30 years as a journalist were writing about energy and resources, so that is where my background and area of knowledge are in this area. And just for some background on IEEFA, it is a global organisation, it has about 80 people dotted around the world and it focuses on providing research to do with the energy transition.

As I said before, I am calling from Sydney on Gadigal land. I pay my respects to the members past, present and emerging. Here is my opening statement. It is a reflection of the submission that we gave but also has some further thoughts on some of the other submissions that have been made. Also I have been listening to what has been discussed today, and I have got a few comments on that, just maybe on some issues that have not been discussed so much.

Really it comes down to three topics. One I want to focus on is jobs. Victoria has a great opportunity in terms of creating a new – well, it has been ongoing, but there are still a lot of new job opportunities to be had in this sector. The role of Victorian legislators is to facilitate any gaps in legislation in order to facilitate that there are no further delays in any of the decommissioning that has been discussed today. The two other issues are finance related, and this is where legislators can make a difference. One is to bridge the gap in the Victorian legislation so that you incorporate trialling liabilities, just as the Commonwealth has done. Also the other financial aspect is about bonds, to ensure that companies have the proven financial resources to do this, and given the companies involved, I really see no reason for that.

Look, on the first issue with jobs, there have been studies done that the potential workload on decommissioning in Australia is around \$60 billion, of which Victoria is roughly accountable for about 11 per cent, so we are talking in the region of about \$7 billion. This is the size of the industry that we are talking about. Another study was done by CSIRO, and they estimate about 3500 jobs could be created across the country. Again, a reasonable proportion of that would also be in Victoria – and in regional Victoria as well. We are not talking about jobs that are going to be created in the Melbourne CBD. So there is a lot of money involved and there are jobs involved, and the jobs are also across the supply chain. They are not just in one area or just in one skill set – you know, it is professional, and perhaps some unskilled labour work that is involved too.

Some of the jobs as well – and how this could meet a number of the challenges, really – are with the amount of steel. CSIRO have estimated there are about 3.5 million tonnes of steel just lying in Victorian waters. This comes at the same time that Australia is trying to create a green steel industry. There is talk about Whyalla being converted to an electric arc furnace. We already have an electric arc furnace in Laverton, so there are places where this material can be recycled in Australia, and there are benefits not only on the job front but also as it is a cleaner product. It reduces emissions from producing steel in a blast furnace, so it goes some way to cutting our emissions in that sector.

I will now jump over to the financial aspect. The trailing liability is really the equivalent legislation in Victoria to the federal *Offshore Petroleum and Greenhouse Gas Storage Act*. If trailing liabilities can be incorporated into that equivalent Act – and I see that Victoria has already introduced legislation to do it for coalmines. It would be good if it could do it for oil and gas too. The other bit of legislation that really needs to be addressed is so that there is – and I know it is not at the federal level, but I see that there is another consultation being conducted by the Commonwealth government that hopefully will address this issue – a financial bond by the oil and gas companies that are involved in decommissioning. I know some of them have been undertaking work, but the same companies have also been pushing back and delaying some of the decommissioning work.

If we just take a step back and we look at some of these companies, they have really deep pockets. Let us take ExxonMobil, for instance. They have been operating in the Gippsland Basin since 1969, so over 55 years where they have certainly provided oil and gas to Victorian households and beyond, but also they have made a lot of money for their shareholders over that time. If we look at the balance sheet of ExxonMobil now, funnily enough, they just released some recent data, and it actually dwarfs the Victorian budget. I will just give you some numbers to give you the context. They are saying that over the next five years their cash flow will be about \$145 billion, and the amount of money that they spend each year is far greater than what Victoria spends on its own infrastructure. There really is no excuse for these companies putting up the adequate bond in order to

ensure this work is conducted, the jobs are created and new skills and businesses are created. That is the end of my opening statement.

The CHAIR: Thanks very much, Kevin. We will go to questions. I will kick things off. Kylie, Rob, given the extensive work you have done in that report looking at these issues across the globe, what do you think are the key actions that we need to be doing or have done to prepare for a big decommissioning exercise? And how would you rate our readiness on those key actions?

Robert MELCHERS: I can answer that question. I think overall we are not as well prepared as we might be simply because we have not focused on this issue for a length of time. Since writing the report, I have spent some time in Norway, which is a country of about 5 million people or so, and they are so much more focused on the offshore industry and all the issues that go with it, including decommissioning. It is just astonishing how much government money and oil and gas industry money goes into preparing their economy, their technical know-how, their universities and their facilities for doing research. It is just incredible. I come back over here and think, 'Well, what are we doing?' We are basically saying, 'Well, maybe the other countries will fix it up for us.' I think that is not the right approach. We should be much more proactive. That is since the report was written, and I would have put that in the report if I had known about that at the time.

The CHAIR: So what do you think are the key areas that we should be focusing on? Obviously, one of the challenges that we have got here in Australia and here in Victoria is the federation and some differences in our regulatory responsibilities between levels of government, which is always a recipe for potential future problems. How do you think we as a state should be thinking about what we need to do? And how much of what is required for success is in our hands or in the Commonwealth's hands?

Robert MELCHERS: Well, you are not the only people that have problems with regulatory requirements. I remember years ago working with the liquefied petroleum gas industry. They were operating in all the different states, and they were throwing their hands up in horror at all the regulatory requirements they had to meet to keep their industry focused. I think one of the big issues that you guys and the other states need to come to terms with is simplifying the regulatory requirements across the country so that everyone knows what game we have got to play, and that is, I think, a really big issue. But in terms of capabilities, we have an excellent university system, an excellent engineering background system, but we are not using it in the oil and gas industry as well as we might. I have been pretty fortunate that I have been involved in the oil and gas industry in various ways over a long period of time, but if you look at it overall, most of my colleagues and most of the people I know are not involved in that, and we all need to focus on that if we are going to make improvements. The big issue for us in Australia is that we are not operating in only shallow waters. The Dutch, the Norwegians and the Americans in the Gulf of Mexico, if I can use that term still, operate in shallow waters.

The CHAIR: What is the key difference there between the challenges that we face and that they face?

Robert MELCHERS: It is much more difficult to retrieve, particularly pipelines that are sitting on the ocean floor at depths maybe up to 3 kilometres down. It is a much, much, much more difficult task. And I think if we can somehow get our heads around what the opportunities are there to carve out a niche for ourselves, that would be a good thing.

Kylie WALKER: May I add something there, Chair?

The CHAIR: Please, yes.

Kylie WALKER: Thank you. Look, just to build a little further on Rob's point, Victoria has a very strong position in terms of the research and development ecosystem, and that is also a skills development ecosystem, and I think that provides a good opportunity to start to think about not just how you can get on the front foot for your decommissioning industry but how you can actually leverage that potential to support a national approach. There is no reason that you should wait for other jurisdictions in Australia to establish strong relationships internationally. That is another opportunity and an early action that you could take to identify strong partners in countries where this industry is mature to learn and fast-track the way that you develop your approach to the sector. And the third key opportunity I see at this point is to really think quite early and strategically about how these developing skills and this developing industry can also be leveraged to develop some of those concurrent onshore and secondary industries around the circular economy – waste management, recycling, for example – but also thinking about how those platforms can be repurposed. They are not just pieces of scrap to be taken

apart, they are also opportunities. They might represent opportunities for tourism or commercial opportunities for space operations, for example. They could be repurposed to create habitats for marine life. There are lots of opportunities involved in the decommissioning if you are able to plan ahead. And as I say, with the strength of industry research and skills development that you have in Victoria, which is a particular strength when compared with the rest of Australia, you do have the chance, I think, to get really ahead on the front foot and be a national leader in this space.

The CHAIR: Thanks very much. Ms Bath.

Melina BATH: Thank you. This is very fascinating. First of all, I have just written down, in terms of recycling – it is something that I am very interested in, and I think this committee is as well – is it possible to do recycling well in Victoria? If it is, what sort of industry engagement is there? Can we get an off-the-shelf industry from overseas to come over and establish in Victoria, or can we grow our own industry there, as a player? What sort of leverage can government do without being the recycler? What are some of the knowns that we need to leverage?

Kylie WALKER: Rob, did you want me to take that one?

Robert MELCHERS: Yes, please.

Kylie WALKER: Yes, sure. Okay. We know that there is a trend globally towards advanced material separation technologies and processing methods to recover valuable resources from decommissioned equipment and structures like this. There is also quite a lot of innovation in Australia along those lines, and there are some really exciting approaches being taken in materials science and localised approaches that can be co-located with the structures that are being dismantled to, again, kind of just lower that carbon footprint. So there are a few roles that government can take. You are probably going to get bored of me because I will keep coming back to the same themes, but government can signal very strongly through a little bit of investment and a lot of messaging – and perhaps a little bit of regulatory support or policy levers and incentives – that this is a priority. We know that industry will follow. Industry will always chase that government signalling because they will see it as an opportunity. We know that the research and development community everywhere in Australia, but there is a particular, as I said, concentration in Melbourne, and regional Victoria of course, is keen to exploit opportunities to put their applied science to use on the ground and in a location that is local and easy for them to access. I think that bringing those people to co-build that approach is something that you could do. You can facilitate that connection and signal that desire for the collaborative approach. You could also think about working with some of those national bodies, you know, for example, CSIRO that have a footprint through every state and territory.

In the skills and workforce piece, again, I know that the government is doing a lot already to connect the VET sector, the tertiary sector and industry. This is one of those emerging industries where that three-way connection is going to be incredibly vital over time because this does require trade skills. It absolutely requires some of those higher education skills around engineering and materials science and others, of course. But it also requires industry investment, and it is a massive opportunity. It is a massive opportunity for industry if they can get in early.

Melina BATH: Thank you. In the Latrobe Valley, the closure of Hazelwood happened overnight and there were a lot of displaced workers. There is a little bit more lead time here. But my concern is do you have any optics on how government – and I will say Victorian government but you could use a different example around the world – has liaised well with industry in relation to that pipeline of worker transition and the skills required? Have you any examples where that has happened well?

Kylie WALKER: I am not sure if Rob wanted to jump in on this one. I do not, is the short answer, but one of the factors here at play is that, unlike the example you have just cited, we do know when these things are going to need to come offline so there can be some forward planning. Rob, did you have anything to add there?

Robert MELCHERS: Yes. Just following up from my comment about Norway, the impression I got and I have had this impression over a long period of time, but it was reinforced recently, is that there is a lot more communication between the various sectors that are involved. Government wants to make things happen and they try and facilitate that happening. Industry wants to make money and the universities want to get something out of it as well. So there is a lot more communication. And if you look at other countries, like for example the

Netherlands, it is the same sort of scenario. Sure, it is a bigger country. It is about 15 million people or so, still small by Australian standards, but they do not have, if you like, the burden of statehood. And that is a bit of a problem, the way I see it. I should not say that to the Victorian government, but it is. There are patches, about this being my property and that being your property, whereas I think we should be thinking much more nationalistically about the way forward, because in the end we are small players in the international scene, so we should get together.

Melina BATH: Thank you.

The CHAIR: We always regard the Commonwealth as a burden. Dr Mansfield?

Sarah MANSFIELD: Thank you, and thank you for appearing today. I might direct my first question to Kylie and Rob. What are the risks of leaving some of this old infrastructure there for a long time versus complete removal?

Robert MELCHERS: That is an interesting question because similar things arise with other industries. Some years ago I was involved in a decommissioning of the HIFAR reactor at Lucas Heights, and the same question came up: we need to decommission it, do we do it now or do we leave it for another 20 or 30 or 40 years? The problem with leaving it for a long period of time is that anyone who knows anything about the existing facilities will have probably died by the time you get around to decommissioning. So the answer, overall, is do it as soon as you can, because there are still people around who know how the system works, what hidden dangers there are and what pollutants there are. In our report we mentioned NORMs, for example, radiation materials, but there are also pipelines that have not been fully purged, for example. The sooner you do it, the better. It was put to me years ago: 'Well, can't we just let these things rust away over a period of time?' Well, you are going to have to wait 200 or 300 years for that to happen, so that is not an option.

Sarah MANSFIELD: In that report you have commented that there are ways to overcome some of the technical challenges to minimise the impact on the environment of completely removing a lot of this infrastructure. It has been proposed, and there are some views, that removing it can be too damaging to the environment, and you are better off just leaving it there. I can see your face when I said that.

Robert MELCHERS: I am sorry. I guess I do not understand why it should be that difficult for the environment – in fact I would argue the other way around.

Sarah MANSFIELD: Yes, well, I would be interested in your views on that, because it has been put to us that it could be very disruptive to the new kind of environment that has developed around some of that infrastructure, if it has been there for a long time versus removing it being too technically difficult. You have said that it is possible to develop techniques to minimise the impact on the environment.

Robert MELCHERS: Well, let us get it right. These are steel structures in the ocean or in shallow waters, so they build up rust, paints may degrade, they may get calcium carbonate depositions or something like that on the outside and there may be biological materials, but none of those are fundamentally poisonous or particularly dangerous. It is only the stuff that is inside some of the pipelines or some of the structures inside that we have created that could be a major issue, apart from the NORMs, but they are extremely low concentrations. So the idea is that you try and pull the pipelines out, and the longer you leave it, the more likely they are to fail, because they have already corroded more and more and more as time goes by. So the sooner you do it, the better: that is basically the story.

Sarah MANSFIELD: And another point in your submission is that there should be mandatory disclosure by operators of the facilities that they have, the condition that they are in, the environmental risks and leakage from active as well as retired infrastructure. Why is that important?

Robert MELCHERS: I am sorry, I do not understand why it should not be important, because you need to understand what is actually happening to the facility. If there are leakages, that tells you there is already a problem with the structure of the pipeline or the containment of the pipeline or the pods that support the structures. So that gives you an idea about how safe they may be and therefore how easy or uneasy it may be to recover them. But environmental issues of course are one thing, and we have done a lot of work with the Europeans on pipeline failures and the loss of containment and the stuff inside pipes for oil and gas industries; particularly in Europe they are extremely sensitive to this issue, so they do not want anything coming out of the

pipelines, and I think we are in the same position: we do not really want that to happen, so the sooner we salvage them, the better.

Sarah MANSFIELD: Thank you.

The CHAIR: Thank you. Mr McIntosh.

Tom McINTOSH: This might be best placed for Kevin, but I am happy for anyone to respond to it. Just looking at the sheer volume of the materials looking to come out, like 3.56 million tonnes of steel: has there been much thinking or any calculations done on the value of those? We have had conversations today about reuse versus recycling, and you made the comments before about electric smelters and whatnot. I am just interested in your thoughts on what can practically be done and then the workforce around that and the skills needed and opportunities and economic opportunities and values.

Kevin MORRISON: Thanks for the question. I do not have a number on it, but I guess, just to provide some context, the steel industry is actually looking to reduce its emissions, so therefore it is focusing on green steel. That can be made from hydrogen replacing coking coal, although the costs on that, I have to say, are still quite challenging. The other format is using electric arc furnaces, so you are effectively just using scrap. With steel pricing, as it makes its transition, I am sure at some stage that there will be a premium for so-called – I put it in quotation marks – ‘green steel’. There could be a premium; we have seen this in other markets. Therefore there is sort of a cost recovery through that that could make it more appealing. In terms of the skill set, I am probably not best to say. My fellow panellists here will probably have a better idea on that. But look, the steel industry is looking at these options. As I said, there is the electric arc furnace in Laverton, so I am sure they have got the skill set in order to recycle this material offshore. There is a lot of discussion. I mean, the discussion about Whyalla is never far from the front-page headlines with the options of what to do with the steel facility there. They certainly seem to be looking at green steel and what that could mean. Whether that is using gas or whether it is just going to a straight electric arc furnace, I do not know, but it certainly seems that is the path that that particular facility is on. I am not sure that answers your question. I just do not have any numbers on it.

Tom McINTOSH: Thank you. I will ask another question, but Robert or Kylie, do you want to add anything to that?

Robert MELCHERS: I think you have got to be a bit careful when you look at tonnage of steel. Most of these offshore structures are coated on the outside for corrosion protection and so when you bring them onshore, you have to do something with the coating, because if you just chuck all that into a furnace, you may cause considerable problems. The car industry in recycling has a similar problem with coatings on cars, but I am not sure that is the same technology. I am not aware of the technology that is involved for cars, and I am not aware of what we can do with offshore pipelines and structures, but it is an issue. It is not just the steel; there is a whole environmental issue we have got to come to terms with.

Tom McINTOSH: Okay. Thank you. Actually, I might have missed my time for another question, so I will leave it there.

The CHAIR: No worries. Mrs Broad.

Gaëlle BROAD: Thank you very much for appearing before us today. We appreciate your input. Just looking at *Australia's Offshore Resources Decommissioning Roadmap*, it has a number of recommendations which talk about improving industry decommissioning reporting requirements and enhancing transparency. Can you just comment? I am interested because that is an offshore road map. How does that apply to Victoria and what is our transparency or visibility on these things, in your view?

Kylie WALKER: May I?

Gaëlle BROAD: Yes.

Kylie WALKER: Thank you. This actually, I think, loops back to the previous question about the regulatory requirements around reporting as well. We know that every company had to provide a decommissioning plan at the start of their process, so when those structures were approved, and that provides a

starting point to remove the infrastructure. We know that every company that operates this kind of infrastructure already has mandatory reporting requirements, which are consistent with the existing regulation for operational platforms. We also know that plans were originally approved some time back, so things might have changed over the decades of course in terms of environmental conditions, regulatory frameworks, societal expectations and legal frameworks et cetera. Things might have changed physically at the platform, and they obviously also need to be disclosed. I think the key that we are going for here is that maximum transparency allows for everybody to make the best informed decisions as we progress towards the establishment of this industry, and that is a responsibility for both the state and the federal jurisdictions. As a legislative body, it gives you the information that you need to be able to make informed decisions as these things progress, because like everything in life, it is not going to be linear.

Gaelle BROAD: We heard earlier that industry carries the cost of decommissioning, but I note in the Commonwealth's road map that it does talk about:

Support industry to connect with government funding bodies to ensure the decommissioning industry can identify financing opportunities to increase their participation across the entire supply chain.

What sort of financing opportunities exist?

Kylie WALKER: I would be very happy to take that one on notice and come back to you. It is not our area of expertise, but we can certainly find that out and support you with that information.

Gaelle BROAD: Thank you. You talk in your submission about a central body of knowledge, and we heard from a group earlier, the Centre of Decommissioning Australia, which was established in 2019. I am interested in your view on how that is working, because they seem to have over 150 partnerships with industry and are very focused on that. Can you speak further to what sorts of resources you would like to see in that central body of knowledge?

Kylie WALKER: Rob, are you okay to take that one?

Robert MELCHERS: Well, I am not really sure, because we came across CODA as part of the study, and it was not all that clear as to precisely how they sit. It is a collection of industry and various other parties, but what we were trying to do is come up with, if you like, a completely independent point of view based on science and engineering. I cannot really say whether that is what CODA is all about. That is about as far as I am willing to go.

Gaelle BROAD: Sure.

The CHAIR: All right. Thank you. Ms Watt.

Sheena WATT: Thank you so very much to all of you for your submissions and your contributions today. I certainly have appreciated the questions put forward by those that came before me. I just want to ask about some sort of coordination office, really, for decommissioning efforts, to see if there is in fact the establishment of an office of, I do not know, decommissioning here at government. What could be the roles and responsibilities of such an office? In fact do you know of any that exist anywhere else that you could perhaps recommend us to look to? Just thinking about coordination efforts required from a government perspective on decommissioning in Victoria.

Robert MELCHERS: No, I do not think we specifically looked at that issue that I can recall. This is two or so years ago. I cannot recall that at all, and I have not come across reference to such a body elsewhere.

Sheena WATT: Okay. Knowing that a few have gone before me, are there any lessons from other overseas examples that perhaps have not come up before that you think we should be considering as we continue our efforts here on the committee with respect to decommissioning works? I am just giving you a bit of a hold-up here, something for you to look at that you might not have yet considered.

Robert MELCHERS: I think we have given you the positive examples for Norway and the Netherlands. If you want a negative one –

Sheena WATT: Yes. Go.

Robert MELCHERS: look at the US.

Sheena WATT: Okay.

Robert MELCHERS: I will not say any more. But what is happening in the Gulf of Mexico, or whatever it is called nowadays, is not all that bright, I would argue. That is just my personal view.

Sheena WATT: No problem. I am happy with that. There is of course great uncertainty – perhaps that is my way of saying this – around the costs associated with decommissioning work, given where we are in the lifecycle of decommissioning. Do you have anything that might give us some certainty around what to expect when it comes to expected costs for decommissioning efforts? I have just heard what sounds so extraordinary from your submission, about just how much we have got to do and how big the challenge ahead is for us.

Robert MELCHERS: We were assured several times during the discussions, while we were writing the report, that the oil and gas industry has got money set aside for decommissioning. Now, not all of us were convinced of that, but there was no way of checking that out or verifying it or whatever. And we know if you look more generally, not just at the oil and gas industry but if you look at the coal mining industry, it is the same type of problem. They have to make good, and yet the money runs out and governments have to pick up the bill. So I think this is an area that you guys should seriously look at, but it may not be something just for the Victorian government, it might be a much broader picture.

Kylie WALKER: If I can jump in there as well –

Sheena WATT: Yes, please.

Kylie WALKER: Again looping back to that question about central coordination, I think that is something that the federal government is trying to do. But I would urge Victoria to be a proactive player in that coordination and that planning, both in terms of the regulatory approach and the financial approach, because with 23 offshore platforms and installations in the Bass Strait obviously this is a high stakes game for Victoria.

Sheena WATT: Yes, it certainly is. I think I hear the bell ringing by the Chair.

Kevin MORRISON: On that last question about the cost, I just want to re-emphasise: the framing of your question is the scale of the cost, but just to put it in proportion, we are talking about \$7 billion as far as Victoria is concerned. We are talking about \$60 billion nationally and \$7 billion for Victoria. In the scheme of things that is not a lot of money. Yes, it is a lot of money to a lot of people, but we are talking about the oil and gas industry, which is a very big industry, best represented by ExxonMobil, which as I said has been operating in the Gippsland Basin since the late 1960s. It has recently disclosed its financial forward spending and revenue over the next five years, and it is planning to spend between US\$28 billion and US\$32 billion a year. In Australian dollars that is roughly about \$42 billion to \$48 billion a year. That is how much they are spending. So they cannot argue they do not have the money to fund this, because that \$7 billion of costs is not all in one year, it is all going to be spread out.

As the fellow panellists have explained, this is a very technical endeavour that the decommissioning is undertaking, and the timing of the work means it is not all going to be front loaded in one year, it is going to be spread over time. So the amount of money that Exxon would have to spend on its share – because it has been one of the biggest producers so it carries a lot of responsibility in Victoria – is pretty small in the scheme of things compared to what they will be spending annually in expanding their business. Because that money of \$42 billion to \$48 billion is further expansion to generate more revenue and to generate more profit. We are not talking about a small family business here; we are talking about one of the largest companies in the world. And equally their partner in this, Woodside – okay, it is not the size of ExxonMobil, but it is pretty big. They also have a very sizeable balance sheet that they could easily afford this. They hold the two biggest interests in the decommissioning work that has to be done. So there should not really be any question. There have certainly been delays, because of that money that they earn – they spend a fair bit lobbying and trying to push out their decommissioning responsibilities.

Sheena WATT: I appreciate that. Over to you, Chair.

The CHAIR: All right, thank you. Ms Lovell.

Wendy LOVELL: Thanks very much. One of the things about going last is everybody else has asked your questions. I had three questions and I am down to one left. Gaelle asked one and Sheena asked another, so you are going to get off lightly from me. But I noticed that one of the three key priorities of your submission was that the government progress the research agenda by playing an active knowledge and partnership brokerage role between industry and academia. Rob, we just heard from you that everyone says there is money set aside for decommissioning but you are not convinced of that. This morning we heard from the Wilderness Society and also Friends of the Earth that there is nowhere that academia or groups like theirs can go to research the actual projects, and they felt that there should be public reporting of projects right from the beginning about how much an oil field is expected to produce and what the cost of decommissioning will be et cetera. Perhaps that money set aside for decommissioning could form part of that public reporting as well. I was just wondering whether you thought those sorts of things would be beneficial. Obviously they are not beneficial in the context of oil and gas, because it should have started 60 years ago, but in the context of all the new projects we are starting up with renewables and stuff, should there be public reporting of projects?

Robert MELCHERS: Well, if you ask me, from a personal point of view I would say of course we should have everything as open as possible, but I know that is not actually going to happen in practice; there will always be ways around to try and hide things. But I think it is a prerogative for the states like Victoria to lay it on the line to say, 'This is what we want'.

Kylie WALKER: Absolutely. ATSE will always urge more transparency, not less. I think we ought to see that, and this is part of where that strong government signalling can come in and that convening power that we ought to see at this point, at this juncture and at this point in time. This is an opportunity as much as it is a responsibility. I will remind you that, yes, there are big costs involved, but some of those costs can also be seen as an investment. That does not necessarily have to be a government investment. This is an opportunity to leverage deeper industry investment in research and development; in Australia, that industry investment in research and development is way behind the OECD average. I think it would be an entirely reasonable context in which to encourage and incentivise industry to invest in those collaborative research and development projects, whether they are environmental or they are material science or they are more specifically linked to the work of decommissioning.

Robert MELCHERS: Yes. Can I just add a little comment to that?

Wendy LOVELL: Yes.

Robert MELCHERS: From our experience, it is always when industry comes to universities that we get the best outcomes. There is a tendency for some academics to go cap in hand to industry and say, 'I'll give you the research project. It will be something interesting,' but that is not actually the way it works. The way it really works is when industry have got objectives and things they want to meet and things they want to achieve, and then they suss out who are the best people in the country to start to work with.

Wendy LOVELL: Thank you.

The CHAIR: All right. Thank you very much. Kylie, Robert, Kevin, thank you all for joining us today and giving us the benefit of your expertise. We really appreciate it. You will receive a proof version of the transcript from today's hearings for review sometime in the next week.

And with that, the committee will reset for the next witness. Thank you.

Witnesses withdrew.