Submission to the Inquiry into the Decommissioning of Oil and Gas Infrastructure

Victorian Trades Hall Council

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Summary

Victorian Trades Hall Council (VTHC) welcomes the opportunity to make a submission to this Inquiry. VTHC was founded in 1856 and is the peak body for unions in Victoria. Today, VTHC represents 40 affiliated unions and more than 500,000 workers in the state. These workers are members of unions that reach into every industry across Victoria, including workers employed on onshore and offshore gas platforms and in the maritime industry.

Victoria's relatively small geographic size, skilled workforce and abundance of port infrastructure make it an ideal location to decommission our offshore oil and gas platforms safely and efficiently. With appropriate regulations and industry policy, decommissioning could provide Victorians with thousands of jobs in engineering, logistics, shipping, environmental monitoring and recycling.

Victoria's unions have always played a crucial role in fostering and developing industrial capacity across the state. As some of our oil and gas sector nears its end of life, total decommissioning presents an opportunity to develop a new industry and boost existing ones, such as steel production. Rather than see our decommissioned infrastructure taken overseas, we can dismantle, process and recycle the materials locally, create skilled jobs in ports, process and recycling yards, and help to boost local economies.

The Victorian Government holds some powers and responsibilities, including jurisdiction over infrastructure within three nautical miles of the coast, environmental regulation of onshore processing and recycling sites, and joint authority with the Commonwealth over title approvals and surrenders. The Victorian Government should develop strong oversight of the decommissioning process and enforce strict standards around materials processing, workforce development, and environmental protection.

Leaving any section of an offshore oil or gas well in situ is unacceptable, and not in line with the regulatory standards. Removing and recycling the entire structure is good for Victoria's workforce, good for the Victorian marine environment and ultimately good for all Victorians.

This submission was developed in consultation with affiliated unions, and some unions are making submissions of their own, which should be read in conjunction with this here. [redacted]

Finally, VTHC thanks Committee members for their important work on this Inquiry.

Introduction

Victoria's offshore oil and gas infrastructure is entering an important phase of decommissioning. The last fifty years of fossil fuel production has left behind a vast inventory of platform structures, pipelines, and subsea equipment that must now be safely dismantled, decontaminated, processed, recycled and disposed of. This requires a complex logistical program of dismantling, marine and port logistics, onshore processing, recycling and disposal.

This work must be done in consultation with unions, traditional owners, state and federal agencies, environmental groups and local communities.

In Victoria, offshore installations and infrastructure requiring decommissioning amount to:

- 22 platforms;
- 2089km of pipelines and umbilicals;
- 120 flexible risers and dynamic umbilicals;
- 52 subsea lifts; and
- 460 wells to be plugged. (Soliman Hunter 2023)

These facilities, some exceeding 50 years of service, are reaching the end of operational life. According to the Centre of Decommissioning Australia (CODA), materials recovered will comprise approximately:

- 62% ferrous metal (recyclable);
- 24% concrete;
- 6–7% plastics; and
- 1% hazardous materials including mercury and naturally occurring radioactive materials (NORMs) (CODA 2023).

While most of the offshore infrastructure is off Western Australia, Victoria is critical for proving a southern regional model of decommissioning and materials reprocessing.

This work is a challenge but also a significant opportunity for Victoria. We have an opportunity to be a national leader in safe, sustainable, and locally managed decommissioning that generates skilled employment, protects ecosystems, and stimulates local economies.

This submission will outline several challenges and opportunities in relation to the Inquiry and outlines recommendations to the Inquiry committee.

Regulatory ambiguity

Under Section 572 of the Offshore Petroleum and Greenhouse Gas Storage (OPGGS) Act 2006 (Cth), titleholders of the offshore wells 'must remove from the title area all structures that are, and all equipment and other property that is, neither used nor to be used in connection with the operations:

(a) in which the titleholder is or will be engaged; and

(b) that are authorised by the permit, lease, licence or authority.'

According to the National Offshore Petroleum Safety and Environmental Management Authority's (NOPSEMA) regulatory policy under the OPGGS Act, while the base case is the removal of all offshore installations, the Federal Government guidelines to the Act (2022, p. 19) recognise that 'options other than removal of all property may be considered' if the proposed alternative can demonstrate 'equal or better environmental outcomes' compared to full removal. This creates an ambiguity between the regulator's default process and possible exceptions to the rule, possibly impeding a clear, best practice approach to the industry: complete and total removal of all offshore oil and gas infrastructure (Soliman Hunter 2023).

Recommendation

1. That the Victorian Government should advocate to the Federal Government to close alternative removal pathways and reaffirm full removal as the enforceable standard. Any alternative proposal should face a presumption against approval, with requirements for transparent justification, independent scientific assessments and consultation and engagement with local communities, unions and First Nations groups.

Lack of dedicated facilities for onshore processing.

Offshore infrastructure should be decommissioned onshore in Victoria, under safe working conditions and environmental protections; and establishing a decommissioning hub will be critical to the efficient and safe processing of the infrastructure.

Victoria currently lacks dedicated dismantling, processing, recycling and disposal (DPRD) facilities specifically designed for offshore structures. Existing recycling facilities are limited to small-scale ferrous and non-ferrous metal recovery and are geographically distant from suitable ports. Moreover, decommissioned steel destined to be recycled should be processed before being shipped to the recycling plant (Soliman Hunter 2023).

Recommendation

2. That the Victorian Government should support the establishment of a decommissioning hub onshore. This would allow decommissioned structures to be dismantled and processed immediately onshore before being sent to recycling facilities. Disposal facilities at a decommissioning hub should also be established to allow for efficient disposal of non-recyclable materials.

Building a Green Steel Circular Economy

Decommissioning is not a waste problem; it is an opportunity to build the circular economy. Recycled steel from offshore infrastructure can feed domestic green steel production, cutting carbon emissions up to ~1.5 t CO_2 per tonne compared with emissions intensive steel production from virgin materials. (World Steel Association 2022; CCWA & Greenpeace 2025)

Priority should be given to increasing use of scrap ferrous metal feedstock as the most efficient pathway to producing green steel. Higher scrap use reduces the greenhouse gas emissions produced in the steelmaking process and reduces reliance on mining iron ore and burning coking coal for new production.

It is critical that scrap metal from the decommissioned infrastructure undergoes processing after recovery to ensure the materials are suitable for steelmaking feedstock at the recycling facility. Processing is a complex task, and typically involves breaking up long sections, crushing low-density material, and shredding components to separate mixed materials. This process is necessary to separate metals and any hazardous materials. This process is also critical to preparing the scrap to a shape and density for use in steelmaking (Soliman Hunter 2023).

By integrating the decommissioning hub's dismantling, processing and disposal facilities with a final recycling endpoint in Melbourne, Victoria can establish an integrated hub linking marine logistics, recycling, and green metal industries.

Governance and Accountability

The Northern Endeavour case exposed the danger of asset transfer loopholes. When titleholders default, costs shift to the taxpayer. (IEEFA 2023; Department of Industry, Science and Resources 2025)

When Timor Sea Oil & Gas Australia Pty Ltd (TSOGA) – the owners of the Northern Endeavour – entered into administration in 2019, and liquidation in 2020, the $250 million decommissioning liability eventually fell upon the Federal Government. Costs are now being recovered through the temporary levy on offshore petroleum

production. This debacle demonstrated the real risk of operators divesting late-life assets to avoid decommissioning liability, leaving taxpayers exposed.

Recommendation

3. That the Victorian Government should advocate for financial assurance requirements from well operators at every approval stage.

Through its Joint Authority powers under the OPGGS Act, the Victorian government should ensure:

(i) No new title, variation, or transfer should be approved unless the titleholder has lodged a verified decommissioning bond or equivalent financial security sufficient to cover the full cost of removal, remediation and waste management.
(ii) This requirement should be uniformly applied and transparently enforced to prevent under-reporting of liabilities and ensure that offshore operators, not the public, bear the full financial responsibility for decommissioning.

4. That the Victorian Government should amend the Circular Economy (Waste Reduction and Recycling) Act 2021 to explicitly include oil and gas infrastructure within its material-recovery scope.

This reform would:

- Mandate the recovery and recycling of decommissioned infrastructure materials;
- Allocate processing and monitoring costs to operators through targeted levies; and
- Require public reporting on recovered material volumes and avoided emissions.

Integrating cost-recovery into the circular-economy framework ensures that the Victorian taxpayer is safeguarded from unfunded clean-up costs while also ensuring decommissioning contributes to Victoria's net-zero and recycling targets.

Workforce Transition and Regional Jobs

A decommissioning industry in Victoria could create thousands of highly skilled jobs in engineering, logistics, environmental monitoring and recycling. Training pathways through TAFE and future offshore wind supply chains can redeploy workers from fossil fuel sectors, ensuring a just transition for workers and the surrounding regional community.

A Victorian decommissioning industry will create new opportunities for regional workers and attract investment across the supply chain. CSIRO estimates that a national decommissioning industry would create over 3,500 new jobs nationally. Given Victorian offshore wells amount to roughly 26% of the total national offshore infrastructure, there may be close to 1000 jobs created in Victoria alone. (CSIRO 2024; CODA 2023)

Offshore oil and gas (O&G) workers possess a range of specialist skills, experience, expertise and certifications which make them ideal candidates for transitioning to careers in the decommissioning industry. These workers can augment the emerging workforce and fill leadership and institutional knowledge gaps, as well as train the next generation of offshore workers (ATSE 2024).

Potential roles for offshore O&G workers across decommissioning project phases

Planning	Offshore operations	Well servicing and vessel operations	Dismantling, waste handling and end of life operations
• Engineers • Environmental specialists • Waste management consultants • Data and analytics experts • Project management expertise	• Tradespeople • Technical specialists	• Well specialists • Maritime vessel operators	• Machine operators • Hazardous waste specialists • Labourers • Recycling facility operators

Source: ATSE 2024

Recommendation

5. That the Victorian Government should invest in targeted training pathways to capitalise on the full economic and employment benefits of decommissioning. Investment in training and workforce development should entail:
    - Funding of training and licensing for high-risk decommissioning work through TAFE programs. This should include crane and heavy-lift operations, rigging, confined-space entry, and hazardous-materials management
    - Development of bridging programs to transition offshore oil and gas workers to the decommissioning and offshore wind industries; and
    - Fund initiatives to increase the participation of women and First Nations people into safe and secure jobs in this industry.

Conclusion

Decommissioning is both an obligation and an opportunity. Victoria can lead the nation by transforming complex industrial and environmental liability into a strategy to build regional jobs, innovation and sustainability. Victorian decommissioning could create close to 1000 jobs across a range of professions and trades. This industry will benefit the Gippsland region, as well as boost steel production feedstock for Melbourne's West. By grounding policy in a clear commitment to establishing an industry which will benefit Victorian workers and their families, the state can ensure offshore legacy structures are dismantled responsibly and that their materials fuel the next generation of clean industries.

List of Recommendations

1. That the Victorian Government should advocate to the Federal Government to close alternative removal pathways and reaffirm full removal as the enforceable standard. Any alternative proposal should face a presumption against approval, with requirements for transparent justification, independent scientific assessments and consultation and engagement with local communities, unions and First Nations groups.

2. That the Victorian Government should establish a decommissioning hub onshore. This would allow decommissioned structures to be dismantled and processed immediately onshore before being sent to recycling facilities. Disposal facilities at a decommissioning hub should also be established to allow for efficient disposal of non-recyclable materials.

3. That the Victorian Government should advocate for financial assurance requirements from well operators at every approval stage.

4. That the Victorian Government should amend the Circular Economy (Waste Reduction and Recycling) Act 2021 to explicitly include oil and gas infrastructure within its material-recovery scope

5. That the Victorian Government should invest in targeted training pathways to capitalise on the full economic and employment benefits of decommissioning.

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