

THE ROAD TO DECOMMISSIONING – ESTABLISHING A GLOBAL DECOMMISSIONING HUB IN AUSTRALIA

As Australia continues the pursuit of its commitment to net zero, and its investment in the "[Future Made in Australia Plan](#)", the Australian Government recently released its long awaited Offshore Resources Decommissioning Roadmap for the creation of a world class Offshore Decommissioning hub in Australia.

Testimony to Australia's continuing commitment to energy transition, the main objective of the Roadmap is to develop a world leading decommissioning hub in Australia. This proposed hub will service global demands, seizing the opportunity to capitalise on the estimated \$60 billion spend on decommissioning offshore facilities over the next 30 to 50 years.

WHAT DOES THE ROADMAP DO?

The Roadmap provides an insight into how the Australian Government (with the collaboration of industry and other stakeholders) will position Australia as a leader in the global offshore decommissioning industry.

The Roadmap is set to shape future policy decisions towards achieving the Government's ambition of bringing Australia to the forefront of the global offshore decommissioning industry.

While the Roadmap may lack in detail (perhaps a reflection of the enormity and complexity of the task), it makes up for it in commitment, and in its considered identification of the challenges that have to be overcome to achieve its ambitious goal, and the imperatives and potential benefits of so doing.

THE ROAD AHEAD - WHAT NEEDS TO BE ACHIEVED

The Roadmap identifies what needs to be achieved in order to create an efficient, affordable and sustainable decommissioning industry.

STRATEGIC STRENGTHS AND GROWTH OPPORTUNITIES

The Roadmap draws on a number of reports, such as the CSIRO 2024 report, CODA 2024 report, KPMG 2023 report and the NOPSEMA 2023 report.

In doing so, the Government provides research-backed insights into what Australia's strategic strengths and growth opportunities are. These include:

Strategic strengths:

- **Skilled workforce:** Australia's skilled domestic workforce has extensive experience in the oil and gas industry and can be upskilled and re-trained to support the energy transition.
- **Waste management industry:** Australia has a mature concrete recycling market that services the construction industry. This will bode well for future innovation on waste management and recycling of decommissioned materials.

Growth opportunities:

- **International collaboration:** Australia lacks adequate vessels for engaging in heavy offshore decommissioning. There is opportunity for stakeholders to collaborate with other global markets to import machinery.
- **Port modification:** No existing Australian port researched by CODA and KPMG has all the required attributes to handle offshore decommissioning. Existing ports will need to be modified to host decommissioning.

The steps identified, include:

- engaging in collaborative initiatives both internationally and domestically to develop Australia's industrial capabilities in the decommissioning space efficiently;
- upskilling and training a specialised labour force to improve economic output, while ensuring that people are part of a skilled, diverse and safe workforce;
- addressing knowledge gaps and investigating avenues for new innovative products and services by driving alignment between government programs and industries;
- ensuring that the oil and gas industry, and not the taxpaying community, is able to fund and execute decommissioning of oil and gas projects;
- developing and building Australia's recycling and waste management industry to manage decommissioned material; and
- establishing inter-government agreements with state and territory counterparts and regulators as well as with communities, First Nations people, and workers to scale up the industry.

IMPLEMENTATION OF THE ROADMAP

Establishment of the Offshore Decommissioning Directorate

The Roadmap recognises the need for, and seeks to foster, stakeholder collaboration and engagement both internationally and domestically. To facilitate the implementation of the Roadmap, the Australian Government has recently established the [Offshore Decommissioning Directorate](#) in December 2024. The Directorate is responsible for actioning the Roadmap, in consultation with the myriad of stakeholders.

The Directorate will act as the facilitator between government, the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA), oil and gas operators and other industry participants to support and clarify regulatory processes, and address any knowledge gaps to better inform the industry.

To achieve this the Directorate is actively consulting with stakeholders (including NOPSEMA) to better position itself, and increase its efficacy as a facilitator. To that end the Directorate recently released a [survey](#) that closes on **28 February 2025** to learn more about stakeholder interests in decommissioning activities.

The Australian Government will look to lessons learned from more mature decommissioning jurisdictions, such as the UK, the US, and Norway, to carve out its path to becoming a global player in the offshore decommissioning sector.

THE GLOBAL CONTEXT

The release of the Roadmap is timely, as it broadly coincides with the recently announced [partnership between the UK and Australia](#) to strengthen co-operation between the two countries on decommissioning offshore oil and gas facilities.

The Government has done extensive research into mature decommissioning regimes, like that in the North Sea. It looks to the work of the North Sea Transition Authority (**NSTA**) in the UK to emulate international best practice and learn from past experiences. This is especially important as around 10% of the North Sea has entered into the decommissioning phase and this will be an area of ongoing development that Australia can look to.

The Australian Government also recognises the decommissioning of the Northern Endeavour FPSO as a "*valuable learning experience for our regulatory regime*" and reinforces the need for the Directorate to play a role in ensuring that government and industry work together towards a shared goal.

WHERE TO FROM HERE ON THE ROAD TO DECOMMISSIONING?

There is significant potential for growth in the Australian decommissioning industry through involvement in upskilling employees, re-purposing existing ports and building facilities that will improve the efficiency of recycling decommissioned materials.

The Government's commitment to ensuring Australia is equipped to grow the decommissioning industry is a welcome development, which needs to be matched with tangible actions.

It is clear that the Australian Government, and its State counterparts (who must come along this journey), are still in the information-gathering phase of developing the industry, as there has been a recent request for tender by the Department of Industry Science and Resources for technical advice relating to decommissioning.

It is a long road ahead, but the areas of development highlighted by the Government should act as a checklist for interested parties in ensuring that Australia is at the forefront of the decommissioning industry.

The Roadmap is a welcome and significant stepping stone in Australia's energy transition journey, and in developing and fostering stakeholder engagement on Australia's ambitions to become a global leader in the offshore decommissioning sector. Australia's next step is eagerly awaited.

With thanks to Esther Nixon for her assistance in drafting this briefing.

CONTACTS

AUSTRALIA



Dr Pat Saraceni
Director

T +61 8 9262 5524
E pat.saraceni
@cliffordchance.com



Spencer Flay
Partner

T +61 8 9262 5554
E spencer.flay
@cliffordchance.com



Nadia Kalic
Partner

T +61 2 8922 8095
E nadia.kalic
@cliffordchance.com



Adriano Poncini
Senior Associate

T +61 8 9262 5532
E adriano.poncini
@cliffordchance.com



Hague Skinner
Senior Associate

T +61 8 9262 5595
E hague.skinner
@cliffordchance.com

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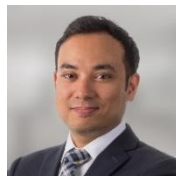
Jonathan Castelan
Partner

T +1 71382 12831
E jonathan.castelan
@cliffordchance.com



Peter Harris
Partner

T +81 3 6632 6635
E peter.harris
@cliffordchance.com



Leonhard Rudolph
Director

T +44 207006 4408
E leonhard.rudolph
@cliffordchance.com



David Evans
Senior Counsel

T +1 202 912 5062
E david.evans
@cliffordchance.com



Kirsty Souter
Senior Associate

T +44 207006 4178
E kirsty.souter
@cliffordchance.com



Keith Hauck
Senior Associate

T +44 207006 1252
E keith.hauck
@cliffordchance.com

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www.cliffordchance.com

Clifford Chance, Ground Floor, 235 St Georges Terrace, Perth, WA 6000, Australia

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