

Excerpts relating to Sunrise Unitisation Bills only



COMMONWEALTH OF AUSTRALIA

SENATE

Hansard

TUESDAY, 23 MARCH 2004

CORRECTIONS

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should not be pushed through here at the rate it is and at the rate at which the amendment would have it.

Question agreed to.

BUSINESS

Rearrangement

Senator FERRIS (South Australia) (3.43 p.m.)—by leave—At the request of the Chair of the Economics Legislation Committee, Senator Brandis, I move:

That the time for the presentation of the report of the Economics Legislation Committee on the provisions of the Greater Sunrise Unitisation Agreement Implementation Bill 2004 and a related bill be postponed to a later hour of the day.

Senator BROWN (Tasmania) (3.44 p.m.)—The Greens will be agreeing to this delay but we make it clear that it should be a delay that gives the Economics Legislation Committee time to consider the evidence brought before it yesterday evening. It would mean in effect that we should not railroad this through here today but that we should wait at least until tomorrow. I believe that the Senate and the committee should consider that.

There is no urgency for this bill to say that it should not wait until there is proper consideration of the evidence before the committee and due weighing of that and the writing up of the reports. I believe that it should be made an order not for a later hour of today but at least for tomorrow. Remember, we are dealing here with a quite complex issue, one which is effectively taking East Timor's resources and placing them in the hands of Australia and the oil companies developing them. It is an extremely important matter and it will have ramifications for Australia and its relationship with its poor neighbour for decades to come. It

(*Quorum
formed*)

Debate interrupted.

**GREATER SUNRISE UNITISATION
AGREEMENT IMPLEMENTATION BILL 2004
CUSTOMS TARIFF AMENDMENT (GREATER
SUNRISE) BILL 2004**

Report of Economics Legislation Committee

Senator BRANDIS (Queensland) (6.48 p.m.)—I present the report of the Economics Legislation Committee on the provisions of the Greater Sunrise Unitisation Agreement Implementation Bill 2004 and a related bill, together with the *Hansard* record of proceedings, submissions received by the committee and documents presented to the committee.

Ordered that the report be printed.

Senator BRANDIS—I seek leave to incorporate a tabling speech.

Leave granted.

The speech read as follows—

Mr President, the Greater Sunrise petroleum resource comprises the Sunrise and Troubadour deposits and lies in the Timor Sea, approximately 500 kilometres north-west of Darwin. The field straddles the border of the Joint Petroleum Development Area, which is the area of shared jurisdiction between Australia and East Timor established by the Timor Sea Treaty, and an area of sole Australian jurisdiction located within the Northern Territory adjacent area.

In 2003, Australia and East Timor agreed to the arrangements to govern the unitisation of this petroleum resource. 'Unitisation' refers to the development of the resource as a single unit. Without unitisation, production from one part of the resource could adversely affect the resource as a whole or the interests of those with an interest in the resource on the other side of the boundary.

The Greater Sunrise unitisation agreement will be ratified by Australia and East Timor once both countries have put in place the domestic arrangements required to enable them to fulfil their obligations under the Agreement. The Greater Sunrise Unitisation Agreement Implementation Bill 2004 [the Greater Sunrise bill] and the Customs Tariff Amendment (Greater Sunrise) Bill 2004 do this for Australia.

Development of the Greater Sunrise field will provide substantial benefits to both Australia and East Timor. These benefits will include investment, exports, employment and revenue. The passage of the Greater Sunrise bills through the Senate is an essential step in the provision of the fiscal and legal certainty required for the development of this important project.

There are some who have expressed concern about the bills and, more specifically, about elements of the Greater Sunrise Unitisation Agreement itself. The Economics Legislation Committee has carefully considered submissions and oral evidence on those matters. In essence, the concerns expressed relate to three issues. They are:

- whether the Australian government has negotiated and intends to negotiate in good faith with the Democratic Government of Timor-Leste;
- whether any revenue generated from the Greater Sunrise resource should be held in trust or escrow until such time as the maritime boundary dispute between Australia and East Timor is settled; and
- whether the customs exemption provided by the Customs Tariff Amendment (Greater Sunrise) Bill 2004 has the potential adversely to affect Australian industry participation in the development of the Greater Sunrise project.

Let me address each of these concerns briefly.

First, Mr President, there are some who have interpreted certain actions or decisions of the Australian government in negative ways. They suggest, for example, that Australia's decisions about the pace of negotiations on maritime boundary issues or the mode chosen for arbitration of those issues are susceptible of sinister interpretation. The Committee rejects such interpretations, and notes the evidence from the Attorney-General's Department to its inquiry: 'The position is that Australia negotiates its agreements in good faith. It might have a disagreement in the course of those negotiations or a difference with the other party, but that does not mean it is not negotiating in good faith'.

Second, the Committee rejects the view that any revenue generated from the Greater Sunrise resource should be held in trust or escrow until such time as the maritime boundary dispute between Australia and East Timor is settled. It would be appropriate to have an escrow account if there was some contingency yet to be resolved about the disbursement of the fund. There is, however, no such contingency. The Agreement, which has been signed by both East Timor and Australia, explicitly sets the production sharing arrangements between the two countries. The concept of a trust or escrow arrangement thus does not apply.

Finally, the Committee notes that the customs arrangements implemented by the bill in relation to the Greater Sunrise development are designed merely to ensure administrative consistency across the whole field. The Committee notes assurances given by Woodside Energy Ltd that its practice of maximising local content in its projects would be unchanged by the bill.

Mr President, the Greater Sunrise Unitisation Agreement Implementation Bill 2004 and its cognate bill, the Customs Tariff Amendment (Greater Sunrise) Bill 2004, put in place the framework necessary for Australia to meet its obligations arising under the Greater Unitisation Agreement with East

Timor. Their passage is required if the Greater Sunrise resource is to be allowed to develop and to bring great benefits to the people of both Australia and East Timor. The Committee therefore recommends that the Senate pass the bills.

Senator BRANDIS—I seek leave to continue my remarks.

Leave granted; debate adjourned.