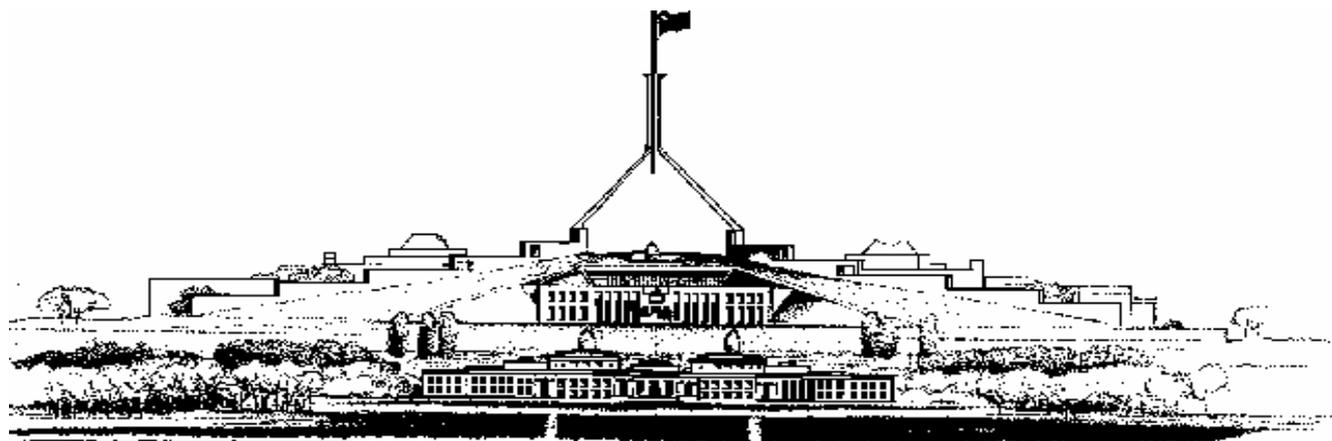




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

Official Hansard

No. 4, 2004

Wednesday, 10 March 2004

FORTIETH PARLIAMENT
FIRST SESSION—SEVENTH PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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~~The government believes that addressing the imbalance in the number of male and female teachers in the profession is important in providing students with both male and female role models in schools.~~

The imbalance in the number of male and female teachers in schools, in particular in pre-schools and primary schools, means that boys and girls are without enough male role models in schools.

This has a detrimental impact on education outcomes for boys.

This bill is a vital measure for addressing the existing gender imbalance in the profession.

Students throughout Australia will benefit from having both male and female role models in the teaching profession.

This bill complements the government's other major strategies for addressing the particular challenge of increasing education outcomes for boys, including:

Boys' education is a priority area for the \$159.2 million Australian Government Quality Teacher Programme.

This includes \$6 million committed to the Boys' Education Lighthouse Schools Programme to identify best practice in boys' education, with a further \$500,000 committed to research.

I commend this bill to the House and I present the explanatory memorandum.

Debate (on motion by Ms Roxon) adjourned.

**GREATER SUNRISE UNITISATION
AGREEMENT IMPLEMENTATION
BILL 2004**

First Reading

Bill presented by Mr Ian Macfarlane, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (9.06 a.m.)—I move:

That this bill be now read a second time.

The purpose of the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** is to give effect to the agreement between Australia and the Democratic Republic of Timor-Leste relating to the unitisation of the Sunrise and Troubadour fields. The agreement was signed by Australia and East Timor in Dili on 6 March 2003.

The agreement has been considered by the Joint Standing Committee on Treaties. The committee supported the agreement and recommended that binding treaty action be taken.

The agreement provides a framework for the development and commercialisation of the petroleum resources in the Sunrise and Troubadour fields, which are collectively known as Greater Sunrise, as a single unit.

This resource straddles the border between 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 Australian jurisdiction.

Greater Sunrise contains an estimated 8.35 trillion cubic feet of natural gas and 295 million barrels of condensate. Current estimates are that 20.1 per cent of these resources lie in the joint petroleum development area and 79.9 per cent in Australian jurisdiction.

Ratification of the agreement by Australia and East Timor is required to provide industry with the certainty needed to proceed to develop this major resource. Australia will meet its obligations through amendments to the Petroleum (Submerged Lands) Act 1967 and other legislation.

The bill puts into place the administrative arrangements for the unit development of the Greater Sunrise petroleum resource. In practice, this means that Australian regulators and regulators of the joint petroleum development area will be able to ensure, jointly, that administration of the Greater Sunrise petroleum operations is coordinated, and that recovery operations are conducted in accordance with good oilfield practice.

To the extent appropriate, the administrative arrangements will mirror those that apply elsewhere under Australian regulatory control. For example, for safety, occupational health and protection of the environment, a single regime will apply across both the portion of the resource that is within the joint petroleum development area and the portion within Australian jurisdiction.

Moreover, that regime, entailing the preparation of environmental management plans and safety cases, will be the same as for any other petroleum development in Australia's offshore area.

There are, however, some aspects of the agreed arrangements that will be specific to administration of the Greater Sunrise petroleum resource. For example, the process for approving the development plan and the unit operator will be Greater Sunrise specific. This reflects matters agreed between Australia and East Timor and has no application outside the Greater Sunrise resource.

To ensure consistency of administration of development of this resource, the arrangements that usually apply in the Northern Territory adjacent area will be modified to enable the responsible Commonwealth minister to exercise statutory powers, rather than the Commonwealth minister working in concert with the counterpart Northern Territory minister, or instead of the Northern Territory minister working alone.

This will be a very similar arrangement as that which applies to the Territory of Ashmore and Cartier Islands. This modification applies only in relation to the Greater Sunrise resource and will not affect administration of petroleum operations in the rest of the Northern Territory adjacent area.

In practice, the Australian government will work with the Northern Territory government on the day-to-day administration of the Greater Sunrise resource.

For the purposes of taxation, the part of petroleum production from Greater Sunrise attributed to the joint petroleum development area will be taxed in accordance with the arrangements under the Timor Sea Treaty whereby East Timor has title to 90 per cent of production and Australia to 10 per cent.

The part of production from Greater Sunrise attributed to Australia will be taxed in accordance with Australia's domestic taxation arrangements.

Development of the Greater Sunrise resource could provide revenue to Australia of around \$A8.5 billion over the life of the project.

The agreement includes a mechanism for adjusting the initial petroleum production apportionment between the joint petroleum development area and Australia if new geological evidence indicates that a revision is needed.

The agreement also includes a clause which states that its contents are without prejudice to the maritime boundary claims of Australia and East Timor. Discussions with East Timor concerning these claims have commenced.

As an essential first step towards developing Greater Sunrise, industry is seeking overseas markets for liquefied natural gas (LNG) produced from the resource. In keeping with its commitments under the LNG action

agenda, the government will continue to support industry efforts to win LNG export contracts.

At the same time, industry is examining development options for the resources, including bringing gas onshore to a liquefaction plant or the use of new floating liquefied natural gas technology.

Timely development of Greater Sunrise will deliver significant benefits to both Australia and East Timor. These benefits include investment, exports and employment as well as revenue. In addition, development of Greater Sunrise will stimulate increased investment in petroleum exploration and development in the Timor Sea which will be in the interests of Australia and particularly East Timor.

Just as Australia is honouring the agreement it reached with East Timor by putting in place the necessary legislation, I call on the government of East Timor to expedite its own treaty implementation process.

The enactment of this bill will provide the legislative framework under which Greater Sunrise can be developed and will therefore contribute significantly to investor certainty in the area.

It is clearly in the national interest of Australia, as well as East Timor, that this bill be approved as soon as possible. I commend the bill to the House and I present the explanatory memorandum to the bill.

Debate (on motion by **Mr Fitzgibbon**) adjourned.

CUSTOMS TARIFF AMENDMENT (GREATER SUNRISE) BILL 2004

First Reading

Bill presented by **Mr Ian Macfarlane**, and read a first time.

Second Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (9.15 a.m.)—I move:

That this bill be now read a second time.

The **Customs Tariff Amendment (Greater Sunrise) Bill 2004** contains amendments to the Customs Tariff Act 1995.

The purpose of the bill, which is cognate with the Greater Sunrise Unitisation Agreement Implementation Bill 2004, is to give effect to article 22 of the agreement between Australia and the Democratic Republic of Timor-Leste relating to the unitisation of the Sunrise and Troubadour fields.

This agreement was signed by the Australian and East Timorese governments in Dili on 6 March 2003 and provides a framework for the development and exploration of the petroleum resources in the Sunrise and Troubadour fields, collectively known as the Greater Sunrise petroleum resource.

Article 22 of the agreement provides for the duty-free entry into the Greater Sunrise unitisation area of all goods and equipment for petroleum activities, whether from Australia, East Timor or elsewhere.

Item 22A will be added to schedule 4 of the Customs Tariff Act to provide for the duty-free entry of goods, as prescribed by the law, for use in petroleum related activities in the eastern Greater Sunrise area.

Subsection 3(1) of part 1 of the Customs Tariff Act will also be amended to insert a definition of the term petroleum activity.

I commend the bill to the House and present an explanatory memorandum.

Debate (on motion by **Mr Fitzgibbon**) adjourned.

**GREATER SUNRISE UNITISATION
AGREEMENT IMPLEMENTATION
BILL 2004**

Cognate bill:

**CUSTOMS TARIFF AMENDMENT
(GREATER SUNRISE) BILL 2004**

Second Reading

Debate resumed.

Mr FITZGIBBON (Hunter) (9.18 a.m.)—Given that I am immediately following the Minister for Industry, Tourism and Resources, who has given a lengthy explanation of the objects and details of the *Greater Sunrise Unitisation Agreement Implementation Bill 2004* and the *Customs Tariff Amendment (Greater Sunrise) Bill 2004*, I do not think I need to repeat them. Suffice to say—to put it in potentially plainer language—this is the legislation that gives effect to the international unitisation agreement, which is, of course, the instrument that gives effect to the Timor Sea Treaty as it applies to the Greater Sunrise field.

I want to begin my contribution by expressing the opposition's concern about the way this legislation has been introduced and handled. I was advised only last Thursday of not only the government's intention to introduce this legislation today but also its expectation that the legislation should pass both the House of Representatives and the Senate on this day. The opposition have done their very best to be cooperative on this matter, and I must say that the minister's office have done their best to brief us as best they can in such a short period. But it is an awful precedent and I believe that, on such an important matter, it is an unjustifiable pressure to place upon the opposition.

To make matters worse, when I sought a copy of the legislation last Friday so that the opposition could give it close scrutiny, I was advised that, while we were able to glance at

the legislation at that time, we would not be able to have a full copy of it until yesterday afternoon. This makes life very difficult for the opposition, and there is a temptation to just reject this process as a means of ensuring that it does not become a regular occurrence. This is not a method for ensuring good democracy, nor is it a method for ensuring the efficiency of parliamentary processes.

But I am able to say that the opposition will be supporting the legislation in the House of Representatives today. We will continue to do what we can to facilitate the passage of the legislation through the Senate, although I want to foreshadow my concern about an aspect of the treaty which only came to our attention last night as, under pressure, we hurriedly tried to make our way through a lengthy and complex document.

Mr Ian Macfarlane interjecting—

Mr FITZGIBBON—The minister interjects with the advice that the treaty has already been through the Joint Standing Committee on Treaties. I accept that. I also accept that the Labor opposition has, in the past, given its consent to the Timor Sea Treaty. But these matters do arise, and these are lengthy and complex documents. What brought to my attention the particular provision on which I am about to express concern was the fact that, when we saw the legislation for the first time, we noted that the package of bills included a change to the Customs Tariff Act. That alerted my mind to the fact that there were going to be changes to Customs acts, and I had to dig deep to find what those changes were.

The Timor Sea Treaty is a lengthy and complex document and you could be forgiven for not picking that up. But I have picked that up now and I do have concerns about it. There is a sense of *deja vu* in all this because even at that time—around March 2003—the opposition was again being put

under pressure to facilitate the Timor Sea Treaty through both the House and the Senate. I can see by the look on the face of the Minister for Industry, Tourism and Resources that he is acknowledging that fact. I remember that period very well. It was an extraordinary time: the legislation was going to be introduced, then it was not, then it was going to be introduced but was pulled.

I recall sitting in the House during question time one Thursday watching the Minister for Industry, Tourism and Resources, the Prime Minister and Minister for Foreign Affairs sitting in a huddle discussing whether they would introduce the bill at the end of question time. There was doubt until the end of question time. What sort of way is that to run the government? What sort of way is that to run the processes of this House? What expectation can there be that the opposition is well positioned to properly scrutinise these processes?

The minister's response is that the treaty has been through to JSCOT. We have supported the treaty in this place, but these matters have just come to my attention and I do not intend to let them go through to the keeper. This is far too important an issue to allow that to happen. The area on which I express concern is article 22 of the treaty as it relates to customs. Item (3) says:

Goods and equipment entering the JPDA for purposes related to petroleum activities shall not be subject to customs duties.

I do not mind admitting that in the past I have not been aware of these types of provisions. I am advised that it is not unusual in offshore projects for these provisions to apply. The reason is not quite clear to me, but I can only suggest that, historically, it is another tax break for the major oil companies. I do not necessarily mind having tax breaks for the major oil companies if that leads to greater investment in the industry and en-

sure that they are internationally competitive and therefore able to operate in the sector to create jobs and wealth for Australia. I have no problem with that. But we want transparency in these tax concessions.

Moving forward on the assumption that it is a tax concession, I am also advised that in other cases there is what I call a trip-wire: before being granted a customs excise exemption, the company or companies involved are required to determine whether they can source the product domestically. In other words, when they are importing capital equipment into the offshore operation, they need to check whether the equipment or construction items—whatever they might be—are freely available in Australia before going to the import option. If that is the case, I think that makes perfect sense. We hope that the government would be directing these companies to Australian products before seeking to import them from elsewhere and free of customs duty.

I do not mind admitting that I am not clear on this as yet—it seems that the minister's office cannot give me clear advice—but I am told that in this case there is no such trip-wire. In other words, the multinational companies involved in the operation, potentially, of the Greater Sunrise field will be free to choose to import capital equipment free of customs duty without any reference to the availability of those goods in Australia. I am requesting the minister in his summation on the bill to answer those questions. I am afraid to say that, if he is not able to answer them adequately, we must reserve our right not to be as cooperative as we may have been in the Senate and, in the national interest, hold up the legislation until we get some answers.

Mr Ian Macfarlane—It won't be in the national interest.

Mr FITZGIBBON—The first thing the minister needs to do is tell me whether my

summary of the provision is correct or incorrect. If it is incorrect, I am happy to receive advice and I will take it in good faith and we will move on. The minister just said that it will not be in the national interest. If my summary is correct, how can it be in the national interest to proceed? How can it be in the national interest to allow these companies to import capital equipment from other nation states while totally ignoring the opportunity to source those goods locally? On this count I will concede that the main operator of the Greater Sunrise reserve will be Woodside, which has a great record on local content—in excess of 60 per cent. But it is just one partner in the joint venture. One of the other major parties is Shell, a multinational company with a great corporate record and which has made a great contribution to this nation. If the minister has such faith in Shell that he is prepared to take its word on face value that Australian content will be maximised in this case, then he has greater faith in it than I do. If the minister confirms that I am correct about what these provisions mean and if he wants this legislation to go through both the House and the Senate, he needs to give me some assurance today that that is not contrary to the national interest. If he concedes all that, he has to give some commitment to contact the Prime Minister of Timor-Leste and discuss this matter.

The problem is that this is now subject to a treaty. We are in no position to unilaterally change the provisions of the treaty, which presents us all with a dilemma. The Labor Party are as keen as anyone to have this Greater Sunrise field developed. It is in the national interest to have it developed, but we are not sure whether the government has on this occasion again missed an opportunity to maximise that national interest.

We all in this place have talked on almost a regular basis about the need both to get Greater Sunrise gas onshore for the provision

of competitively priced domestic gas to fuel Australia's industry and to create value-adding industry projects—and, of course, to have an onshore LNG plant for export where Australian and in particular Northern Territory jobs growth would be maximised. You would have thought, Mr Speaker, given the urgency that Woodside, Shell and the other venture partners had put on this bill, that the government might have used this as an opportunity to say, 'Okay, we're prepared to facilitate this project, but how about for the first time talking about bringing Sunrise onshore?' The government are holding all the cards on this issue, with Woodside and Shell desperate to proceed on this project, so why would they not, for once at least, tell the venture partners that it is the government's view that it is in the national interest that this project come onshore?

The government is always keen, for example, to run to Beijing and argue the Australian case for LNG exports, and I support the government's role in that. Of course you would run to Beijing to talk to Jiang Zemin about the merit in sourcing your energy supplies from Australia rather than elsewhere. But I pose the question to the minister: why not run to Perth now and then and tell the energy companies that they might want to think about bringing some of this gas onshore for the development of Australian industry? The minister will talk about action agendas and the formation of various committees, but how about some action? It is like the Treasurer's superannuation scheme. He says, 'I've got an *Intergenerational Report*.' Guess what: we had a policy and we acted on the problems that are emerging with respect to Australia's ageing demographic. So forget about the committees, Minister, forget about the action agendas—how about just doing it?

As was reported in the *Financial Review* this morning, I have some views about the mechanisms in place, the regulatory regimes

over property rights, that allow these companies to warehouse these all-important reserves. You cannot really judge whether exporting X quantity of LNG to China, Japan and America's West Coast maximises Australia's interest. I am not for a moment saying that exporting LNG is not a good thing—we have vast reserves of it and so we should be—but, until you know what our medium- and long-term domestic needs for gas are, you do not know what volume maximises the Australian interest. This is a finite resource and the gas that is going to China, Japan and potentially the West Coast of the US is the easier-to-win gas, the gas that is not necessarily so far offshore or in the deepest water.

When we come to our own domestic needs in five, 10, 15 or 20 years, do you know what the major oil companies will be telling us, Mr Deputy Speaker? They will be saying: 'We've got gas for you, but the bad news is that the easier-to-win stuff has already been won. The cheaper stuff has already been extracted, so you'll have to pay a little bit more.' And who will pay more? That will be Australian industry, attempting and fighting even more than to be internationally competitive, and of course the poor old Australian consumer. I would have thought this was another opportunity lost—another opportunity for the government to go to the major oil companies and say: 'Yes, we understand the urgency, we understand you want to get on with life, we understand that you want to develop this reserve; but, if you want our help, how about giving us of a bit of help too? How about talking more seriously about bringing these gas reserves onshore in the national interest?'

I repeat: the opposition are prepared to facilitate this process, but we are asking ourselves what is the urgency. The government argued, back around February 2003, that it was necessary to maintain some nexus between the Timor Sea Treaty and the interna-

tional unitisation agreement. In doing so, it put at risk the Bayu-Undan project, a \$1.5 billion project representing significant investment in Darwin, involving 1,200 employees in the construction phase and 100 direct jobs during the operation phase. The government appeared at that time to be prepared to put that project, which lies wholly in the joint petroleum development area, at risk so as to ensure that the Timor Sea Treaty was not signed ahead of the unitisation agreement.

Surprise, surprise! After some pressure from the opposition and some adverse publicity, we finally got the Timor Sea Treaty ratification through both houses of parliament without the unitisation agreement, and I certainly welcomed that at that time. It is now March 2004—one year on. It was urgent then. The government almost had the unitisation agreement done—a deal in concrete—so they were hanging on to the Timor Sea Treaty. They were huddled at question time, wondering whether or not they should proceed after question time or whether they could hang in there for another day or week until the unitisation agreement was bedded down. Here we are one year on and finally, just now, they are introducing the bill to give legislative effect to the international unitisation agreement. I am sure ConocoPhillips and their partners are pretty pleased that the treaty ratification was not held up until this unitisation agreement was given effect in this place. Why were the government at that time so concerned that there should be a nexus between the two? One can only conclude that that was on the back of heavy lobbying from the venture partners involved in the Sunrise project. That might be fair enough—it is argued that the interests of the venture partners are also the national interests—but I hope we have balance.

That leads me to the next question: after another year of waiting for the unitisation

agreement, why are we rushing this bill through both the House and the Senate in one day? In all of my time in this place, I think that may have been done only once before, and it related to a matter of illegal immigrants. Other than that, I have not heard of it before. One can assume again that it is the result of lobbying from the venture partners in the Greater Sunrise project. Why would the venture partners in the Greater Sunrise project want to rush this IUA through now that it has been rubber-stamped by the minister's office? One can only assume that it is designed to put additional pressure on the East Timorese government. I think that is regrettable. I see the member for Solomon laughing at the prospect that the venture partners in Greater Sunrise might be putting pressure on the government to rush this through to put additional pressure on the poor old East Timorese people. How naive is the member for Solomon to believe that that is not possible? How long has he been in this place now?

Mr Snowdon—Too long.

Mr FITZGIBBON—‘Too long,’ my colleague says. I should add that he is not likely to be in this place much longer either way. Whether we have two electorates or one in the Northern Territory, he is not likely to be here much longer, if yesterday's Newspoll was any indication. But it is naive of the member for Solomon, who has been quite silent on this issue. If I were the member for Solomon, given the importance to Darwin of both the Bayu-Undan project and the Greater Sunrise field, I would be here in every adjournment debate, saying, ‘When is Greater Sunrise going to be developed and when is the government going to start putting some pressure on the venture partners to get that gas onshore, to maximise the benefits for both Darwin and the Northern Territory and to maximise the national benefits?’ But his silence has been deafening.

Mr Ian Macfarlane interjecting—

Mr FITZGIBBON—The minister at the table says, ‘We can't do it before you pass this legislation.’ I have just made the point that we were prepared to pass it a year ago. We have waited a year. We are prepared to facilitate it through the parliament today if our questions on the Customs issue are answered. But I have made the point that the minister has lost the opportunity, through this agreement, to do what the member for Solomon should have been asking him to do. Where was the member for Solomon when this unitisation agreement came forward? Why was he not asking the minister: ‘Why didn't you use this as a bit of leverage to talk to the venture partners about getting this gas onshore to Darwin, to create jobs in my electorate?’ Why was the member for Solomon not out there doing that for the last 12 months? For 12 months he has had an opportunity to lobby this minister and the Minister for Foreign Affairs to do the right thing by Darwin and the Northern Territory, and he has been silent.

Mr Ian Macfarlane—He has been.

Mr FITZGIBBON—The minister at the table says he has been. I am happy to acknowledge that, but how ineffective has he been? This bill before us today is a demonstration of the fact that despite his representations there has been no effect, no result whatsoever from the member for Solomon. So why have him there?

East Timor is an impoverished nation. We welcome it to the community of nations. We as a nation and certainly as the Australian Labor Party want to do all we can to bring it to self-sufficiency. We cannot bring it to self-sufficiency by handout alone. The best thing we can do for the East Timorese people is to give them an industry, an economic base and an opportunity to grow their economy to create local jobs. There is a balance here. The

balance is between protecting Australia's national interest and doing what is right by the East Timorese people. I was proud that at the recent national conference of the Australian Labor Party we made it quite clear that a future Labor government will do all in its power to bring forward a swift and fair outcome to the future maritime boundary negotiations in the Timor Sea. We will do all we can to ensure that we get a result which is fair to the Australian community but ensures self-sufficiency and true independence for our near neighbours.

You have to look at these things in net terms. There might be some minor losses in our own revenue from the reserves, as a result of boundary adjustments, but at the same time there will be a lesser contribution in direct humanitarian aid from Australia over many years. You have to look at these things on a net basis. The Labor Party will move forward to do what we believe is the right thing by the people of Timor Leste, while at the same time ensuring that the national interest is maximised. If it is the modus operandi of the government to bow to the major oil companies and to put additional pressure on our near neighbours, who face difficult circumstances, I think that is regrettable.

Mr Ian Macfarlane—That's fanciful, Joel. That's what that is.

Mr FITZGIBBON—The minister says my suggestion that the government is rushing this bill through both houses of parliament today in order to put additional pressure on Mari Alkatiri at the request of the major oil companies is fanciful. I am prepared to hear his case. But if that is not the reason, the minister, in his summary, needs to clearly set out what are the reasons. I have had a close look at the unitisation agreement, the Timor Sea Treaty and the contractual obligations of the venture partners. I have had a look at their marketing arrangements. I

have not had a look at their work programs for retention of the lease because they are confidential. No-one is allowed to see them. We could never have the parliament scrutinising their work programs, which justify the retention of the lease. We could never do that. But I have had a look at all the commercial and public policy documents that I have been able to on this issue and I cannot see any imperative. I cannot see why, after a year of waiting, suddenly we have to get a bill through both houses of parliament in one day.

I cannot understand why it was necessary to ask the opposition to circumvent all our party processes: shadow cabinet, caucus—you name it. We had to delegate authority to a subcommittee of the shadow cabinet to decide on this issue, after we received the final print of the bill on Tuesday afternoon. Why weren't we able to get a final print of the bill until Tuesday afternoon? Because it had to go through the government's party processes first. The government wants us to take a position on such a critical issue—critical not only to Australia but also to the people of East Timor—and in doing so circumvent all our processes and knock out every backbencher on our side who might have a deep-seated interest in the issue, but it could not give the bill to us until its party room had considered it. Maybe that should not be surprising, given the propensity of the government to turn things over in the joint party room after they have been to the cabinet. So we should not be surprised.

But why would they want to put this legislation through both houses today—why would they come to us and expose themselves to criticism, which they must have been aware of?—and ask us to circumvent all our party processes if it was not about putting additional pressure on the East Timorese people. If the minister wants to hold his line and claim that is not the reason,

he has a great opportunity at the end of this debate to stand here and tell us what the reasons are. We will be happy to hear them. If they sound reasonable, we will be happy to accept them.

In the same way, he has an opportunity to stand here and explain why it is that we are not imposing customs duty under any circumstances on the capital equipment imported into this project. These are big dollars. We are not talking about a nut and a bolt or two; we are talking about big dollars. So he has two opportunities: one to explain why there is this rush and another to explain why it is that these goods will be totally free of customs duty under all circumstances. Again, if he can give a reasonable explanation for both, we will be happy to vote for the bill today and do all we can to facilitate its passage through the Senate. But we will not be blackmailed. We will not be told, 'If you don't let this thing through today, you're going to be jeopardising an important resource project.'

Mr Ian Macfarlane—That is true.

Mr FITZGIBBON—The minister says that is true. Let me go through the history again. The venture partners have been sitting on this lease forever. We were told a year ago, 'We can't get the Timor Sea treaty bill through because we've got to do the unitisation agreement at the same time.' That is how urgent it was. Here we are a year later, finally considering the unitisation agreement—having only been given it last Thursday and asked to circumvent all our party processes—and the minister is going to tell me now that, after that effluxion of time, if we do not let it through the Senate today then it is going to be a crisis for Australia's energy industry. What a ridiculous proposition!

Mr Ian Macfarlane interjecting—

Mr FITZGIBBON—The minister says that that is not what he said. I will check the

Hansard. I said that the minister is going to charge the opposition with putting at risk this important project.

Mr Ian Macfarlane—That is exactly what you are doing.

Mr FITZGIBBON—'That is exactly what you are doing' were the words he used. Maybe I might not have paraphrased him quite correctly, but I think I was pretty accurate. He is going to be out there this afternoon or tonight—

Mr Snowdon—Bagging us!

Mr FITZGIBBON—bagging the Australian Labor Party for having the audacity to not let this bill through both the House of Representatives and the Senate, even though we were given the bill at the eleventh hour. What a ridiculous proposition! Minister, that criticism will not hold up. If at any point this project is at risk or comes under any threat, it will not be the fault of the Australian Labor Party, Minister; it will be entirely in your lap.

Mr TOLLNER (Solomon) (9.48 a.m.)—I am very pleased to be here today to support the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#) and the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#). I think the development of resources in the Greater Sunrise fields offers substantial benefits for the Northern Territory, East Timor and Australia. It is a world-class resource, estimated to contain some 8.4 trillion cubic feet of natural gas and 295 million barrels of condensate. Its development could result in revenues to Australia in the order of \$8.5 billion over life of the field, with exports potentially being around \$1½ billion a year. The Greater Sunrise Unitisation Agreement Implementation Bill provides a framework for the development of the field as a single unit, which is essential to development in an efficient and equitable manner. The legislation sets out the principal administrative changes needed to meet Australia's

obligations under the Greater Sunrise unitisation agreement and provides amendments to the Petroleum Resource Rent Tax Assessment Act to ensure that that is correctly assessed.

Industry need the increased certainty that this legislation will bring and are seeking markets for LNG, with an apparent window of opportunity if production commences in 2009. The member for Hunter asks what the urgency for this bill is. Competing LNG projects overseas cause the industry to say that, if they miss this opportunity now, development might be delayed by many years. Large projects such as this have long lead times, as markets need to be identified and agreements need to be reached on timing, quantity and pricing. Design studies need to be undertaken. Then, of course, comes the actual construction of plant and other infrastructure gear. Production in 2009 means that industry need to start making decisions now in order to get on with the business of business.

They are the realities. They are the facts. I am not sure that everyone here realises that. In particular, I am certain that members opposite and their political colleagues in the Northern Territory government have very little understanding of these realities. The full benefits of Sunrise gas will be realised when it translates to clean and cheap energy for the Northern Territory and Australia. But the Labor government in the Northern Territory, which profess to be supporting the development—

Mr Fitzgibbon—It is supporting it!

Mr TOLLNER—The Labor government, which profess to be supporting the development of Timor Sea gas, have dropped the ball. They are out there claiming to be negotiating with the US, the Japanese, China and Asia for gas sales. They are doing nothing to progress the needs for onshore gas—piping

gas to Moomba, to Mount Isa—for the future of the industry or the Territory.

The member for Hunter stands up here and talks about the case for onshore gas. His Territory colleagues in the Labor government up there are flitting all around the world trying to sell gas to the Yanks, the Japs and the Chinese. They are doing their level best to sell it out there, but not one of them comes here and says: ‘What’s the domestic case? Let’s have a look at the domestic case. What are the needs of south-eastern Australia? What are the needs of western Queensland? Let’s get in there and do a deal.’

Mr Fitzgibbon interjecting—

Mr TOLLNER—The member for Hunter raises a point about Clare Martin. She says that the Northern Territory has the support of all of the states and territories to bring this gas onshore, because if all of these deals line up, they will supply the national energy grid and it will be a rosy situation. What is happening? The Chief Minister of the Northern Territory is not doing deals around Australia with South Australia, New South Wales, Victoria and Queensland; the Chief Minister of the Northern Territory is overseas. She has her resources minister overseas talking to the Yanks, the Japs and the Chinese, trying to sell it overseas. It is nothing to do with domestic gas.

This is a unique opportunity. With the backing of the Territory government, I am certain that the joint venture partners could properly reassess the domestic market potential for Timor Sea gas. The Northern Territory government need to step in. They need to offer an arrangement where the joint venturers ensure that maximum benefit of the Timor Sea flows to the Northern Territory and Australia. Thirty years ago, Charlie Court in Western Australia did that. He was a man of vision and enterprise. He was a man who got the North West Shelf happening in

Western Australia. But what happens in the Northern Territory? The Northern Territory government sit on their hands. They are timid and low risk. They are happy to settle for a floating LNG plant which will see all of our gas exported overseas. In actual fact, they are out there selling the concept. They are not talking about bringing it onshore and creating a resource for Territorians. They are not talking about meeting some of our energy needs in the Northern Territory. They are not talking about building Territory industry. What are they doing? They are overseas—they are flitting around the world trying to sell it to other markets.

At the federal level, we have seen Labor representatives put sentiment above national interest. During the negotiations on the unitisation agreement with East Timor, the member opposite in particular who alleges that he represents the Northern Territory interests, the member for Lingiari, was tireless in his support for the best deal possible for—wait for it!—not Australia or the Northern Territory but East Timor. That is who he is supporting, not his constituents in the Northern Territory. In the Northern Territory it is a well-known fact that the member for Lingiari is a sell-out. He is a sell-out every day that he sits in his office in the middle of my electorate of Solomon. He does not hang around his own electorate of Lingiari. Every day that he is out of his electorate and in my electorate he sells out his constituents. He is a sell-out every time he opens his mouth about Iraq and supports Saddam Hussein. He is a sell-out. Now he is selling out Australia and backing East Timor at our expense. He is not looking after his constituents but actually arguing East Timor's case. I heard the member for Hunter doing that today. He was saying, 'This isn't about Australia's interests; this is about the interests of the East Timorese. Let's maximise the dollar for them. Let's rip Australians off to make sure

that they get a better deal in East Timor.' They do not care about what happens to Australia. They sell us out.

They have said that the Australian government is ripping off East Timor. The member for Lingiari has said that Australian representatives are, to use his words, belligerent, bullying and bad-tempered. Get that! In dealing with the poorest nation in the world today, he says that we are belligerent and bullying. He suggested some months ago that Australia should stop quibbling over a few billion dollars and just give East Timor what they want. I said it at the time and I will say it again: those statements are frankly un-Australian.

Meanwhile, of course, in the Northern Territory his colleagues were being equally unhelpful with regard to the national interest, offering absolutely no incentive for the Timor Sea development—and, in particular, Sunrise—to be brought onshore and plugged into the national energy grid to supply new Territory enterprises and interstate energy needs. Rather, the Chief Minister of the Northern Territory, Clare Martin, at the ALP national conference, called for a national interest test to ensure that Australia's longer term energy interests are protected and secured. I do not know how she can call for this. She is either ignoring it or is unaware that we actually put in place a national energy policy in November last year. We had agreement from the states for the first time ever. At a meeting of energy ministers, for the first time ever we had agreement that we will have a national energy policy implemented.

She compounds her error by arguing that Australia should adopt a 'use it or lose it' regulatory regime to ensure that energy resources are developed in accordance with the national need. I have heard the member for Hunter trumpeting the same thing. I have

heard him today and on many other occasions talking about this 'use it or lose it' regulatory regime. The member for Hunter is part of a committee that I am also part of—the Standing Committee on Industry and Resources—and we have just had an inquiry into impediments to mining exploration in Australia. A 'use it or lose it' regime means sovereign risk. One of the things in Australia's favour is that we have low-sovereign risk. But now he wants to implement a 'use it or lose it' regime—'Let's give them a big scare and tell them that we're going to take their resources off them and, somehow or other, this will assist exploration.' I say to the Territory Labor government, the member for Lingiari and the member for Hunter: it is not good enough to tell others of their responsibilities to other countries, to other governments, unless you are prepared to meet your own responsibilities and represent the people of the Northern Territory and the people of Australia—the people you are there to represent.

I was very proud to fly to Dili with the Minister for Foreign Affairs, Alexander Downer, to witness the signing of the unitisation agreement, to see Australia's hard-won interests preserved and to see an agreement reached with East Timor—an agreement that will help fund that country's economic prosperity over coming years. There was none more cognisant of that fact than East Timor's own President, Xanana Gusmao, whom, I am proud to say, I stood next to and chatted to. He was absolutely over the moon with the deal that had been done between Australia and East Timor, allowing royalties and payments to flow into East Timor. But first and foremost it is an agreement that will ensure for Australia revenues in the order of \$8½ billion over the life of the field, with exports of around \$1½ billion a year. I was proud to be there and proud to be part of a govern-

ment that negotiated in the way it did, that negotiated the best deal for Australia.

I am disappointed, of course, in the opposition to it from members opposite, who see their role as representing other countries and other interests and not Australia's. I am disappointed that this agreement does not enjoy the complete support of my fellow parliamentary representative for the Northern Territory, who remains an advocate of the voters of East Timor rather than his own constituents. I am disappointed that the Territory government is unlikely to lock in a deal for the Northern Territory and Australia that will ensure that Sunrise gas will come onshore to fuel the industries of tomorrow in Northern Australia.

Mr SNOWDON (Lingiari) (10.04 a.m.)—I will come to the puerile insults made by the verbose, illogical and extreme member for Solomon shortly, but I would have thought that most of his comments speak for themselves. The banality is somewhat surprising, although I guess that those who know the member for Solomon will not be too surprised. But, from someone who purports to represent the people of the Northern Territory in this parliament, it is extremely surprising. This is the same person who was on a unity ticket with the Northern Territory government and me for the development of gas offshore in the Northern Territory last year. This is the same person who sat and listened as the Northern Territory government expounded the benefits of the onshore development of the Sunrise gas fields. This is the same person who saw the plans that the Northern Territory government had and was given information about the need to advocate the development of the Sunrise gas field and bringing the gas onshore. This is the same person who, my friend the member for Hunter has reminded me, was part of the unanimous support by a parliamentary inquiry for 'use it or lose it'.

This is the same person who comes to this place with all the bravado of a flea and insults me as the member for Lingiari and, through me, the constituents of Lingiari who put me in this place. That is what he is doing: insulting the people of the Northern Territory.

They know, as I know, that there has been no better advocate in this place for issues relating to the Northern Territory than me for the last 16 years. I dare the member for Solomon, Mr Deputy Speaker Jenkins, to point to one occasion when I have not stood up fiercely to advocate for the interests of the Northern Territory and its populations—speech after speech. But the sell-out is over there. He says that the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#) and the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#) are extremely important. But the shadow minister this morning raised a very important question which arises from article 22 of the treaty and relates to the duty-free importation of goods transiting through Australia or Timor Leste to the gas fields and customs duties and the fact there is no trip-wire for any Australian content requirement. Has the member for Solomon asked that question? If he has not asked that question, why hasn't he asked that question?

Mr Fitzgibbon—I wonder if there is a labour market test.

Mr SNOWDON—Exactly. I wonder if there is any requirement in the contractual arrangements being made with the parties who own the Greater Sunrise field to ensure that the labour markets of Northern Australia are being used for the sourcing of labour. Is there an equivalent requirement to source labour from Timor Leste? Is there an equivalent requirement to source goods and materials from the Northern Territory, or Australia generally, and Timor Leste as joint treaty

partners? Has the member for Solomon asked that question?

It is all right for him to come in and parade insults, but the proof of the pudding is in the eating. What we know about this place is that when we are serious about the interests of Australia we try and work together. We have seen a very responsible approach from the member for Hunter, who has pointed out the fact that this piece of legislation has taken 12 months to get to this place—despite the fact that at the time the Timor treaty legislation was being debated in this place we, the Timorese and everyone were told that the unitisation agreement had to be done at the same time. We have waited 12 months. It has now come into this place and we have been told we have less than 24 hours to pass the legislation through the House of Representatives and the Senate. What is the rush?

As the member for Hunter rightly pointed out, this piece of legislation had the opportunity to go through the coalition party rooms. Did the member for Solomon raise the questions in the party room that we are raising here today about the issues of content and industry development of the labour market?

Mr Fitzgibbon—One can assume not.

Mr SNOWDON—As the member for Hunter quite rightly interjects, we can assume not. Like every other moment I have seen him in this place, the member for Solomon has been asleep at the wheel.

Just as an example: you will recall, Deputy Speaker Jenkins, that a piece of legislation was introduced into this parliament—a faulty piece of legislation, as it turns out—only in the last sitting week to ensure two seats for the Northern Territory in the next federal election. I was in the chamber and was part of the discussion, arguing to defer the legislation. The member for Solomon could not even be bothered to be here. Now

we have an arrangement where the government says it is important to rush through this piece of legislation in 24 hours. We know not for what reason—we can presume it is because of pressure being placed on it by commercial interests; we know of no other logical reason for them to want to rush it through this place in this way.

Yet we have seen the member for Solomon tell us in this House that he believes that what we should be seeing here is onshore development of Sunrise gas. Forgive me, but as I understand it at the moment that is not the primary consideration of the Sunrise partners. As I understand it, there is still a strong debate as to whether or not this will happen, and I think the good money is on the Sunrise partners eventually agreeing to do it offshore. How can he come into this place and not ask questions that we have asked about industry development aspects of the legislation or labour market tests for the legislation? How can he come here and say to us that he wants the unanimous support of the parliament for this legislation, knowing full well that the most likely outcome—in the first instance, in any event—will be that this piece of legislation will lead to the development of offshore facilities at Sunrise, when he is attempting to argue that it should be brought onshore?

It is very important to the people of Northern Australia that this stuff is brought onshore. There has not been a better advocate for that than the Northern Territory government and the Northern Territory's Chief Minister. She is ably supported by the shadow minister for mining, energy and forestry, the member for Hunter, who is sitting behind me. He has called for the government to look very seriously at a way for the people who have these leases to either use them or lose them—not warehouse them, as we know has happened. We want the member for Solomon to say to the government of which

he is a member: 'We want you to guarantee that these leases are used and that, if the people who have these leases do not use them, they will lose them.' They have to be developed for the national interest. If they do not want to use these leases in the national interest and if they are just using them for commercial purposes—warehousing them—then they should lose them.

We are not hearing support come from the member for Solomon in relation to these issues. Why not? Instead of parading insults in the way he has here this morning, he would be better off saying to the people of Australia through this chamber and saying in his party room that the best interests of Northern Australia and Australia generally will be secured when we can ensure that these sorts of leases are not warehoused by commercial interests.

Mr Fitzgibbon—What is the member for Kalgoorlie saying? He voted on the committee.

Mr SNOWDON—As I understand it, there was unanimous support for this proposition in the Standing Committee on Industry and Resources. On that industry committee sit the member for Solomon and the member for Kalgoorlie, both of whom are in the chamber at the moment. Yet now they are here trying to reject that proposition—or at least the member for Solomon is. You would have to ask him what he is about. On the one hand, he goes to a committee and supports a unanimous resolution that there should be a 'use it or lose it' approach, and then he comes into this chamber and says it is against our national interest to put such a provision in.

Mr Fitzgibbon—It is schizophrenic!

Mr SNOWDON—I do not know what has happened between the committee's resolution and now, and I do not want to suggest that there is a medical problem with the member for Solomon—

The DEPUTY SPEAKER (Mr Jenkins)—Order!

Mr SNOWDON—but my colleague has indicated that—

The DEPUTY SPEAKER—The honourable member for Lingiari is skating very close—

Mr SNOWDON—it is tantamount to some sort of schizophrenic behaviour—

The DEPUTY SPEAKER—Order!

Mr SNOWDON—in that it involves doing one thing in one place and doing another thing in another.

The DEPUTY SPEAKER—Order! I do not think the honourable member for Lingiari should pursue that course of debate. He should be very careful.

Mr SNOWDON—Absolutely, of course I will be. We need to comprehend that this government has suggested to us that we need to pass this legislation today. Quite properly, the member for Hunter has asked the government a number of questions about undertakings given, in particular in relation to clause 22A of the Customs Tariff Amendment (Greater Sunrise) Bill 2004 and what that means for Australia's national interests. He asked why it is that capital equipment passing through Australia to go to these fields is not subject to duty and, if they are not subject to duty, whether there is a tripwire which ensures that there is a national interest component in industry development and employment. I would have thought that they are commonsense questions, and we require a response from the government. We have not said that we are not going to expedite this legislation. We are asking very serious questions of the government to inform the Australian community as to why this particular clause sits in this legislation in this way and whether there are any unstated, private or separate arrangements with the con-

tracting parties in relation to Australian content, industry development and the like. You would expect that the government of Timor Leste would have the same sorts of interests to ensure that, insofar as it can, Timor Leste can supply industrial goods, labour and the like. They should also benefit.

Mr Tollner—You don't represent your electorate!

Mr SNOWDON—We heard the member for Solomon carrying on about my concern and, indeed, the concern of a large section of the Australian community in ensuring that we deal fairly and properly with our new neighbour to the north, East Timor or Timor Leste. I am encouraged by the interjections of the member for Solomon, because they give me the opportunity to repeat what I have said about the way in which the Commonwealth government, through the Minister for Foreign Affairs, has carried itself in these negotiations. As I have said previously, we know that during the negotiations over the treaty arrangements he put quite severe pressure upon the government of Timor Leste and was, in fact, quite insulting in his behaviour. I am sure you would like to know, Mr Deputy Speaker, that in relation to these negotiations a report in the *Australian* on 13 December 2002 stated:

Australia's relations with East Timor have been tested with allegations that Foreign Minister Alexander Downer verbally abused Prime Minister Mari Alkatiri.

... ..

Highly placed East Timorese sources said last night that at the meeting, called to discuss the so-called international unitisation agreement on the Sunrise gas reservoirs, Mr Downer was "belligerent and aggressive". He is alleged to have banged the table as he criticised advice Dr Alkatiri was receiving from UN officials.

After the meeting, the Australian Government reneged on an understanding with East Timor that

it would ratify the Timor Sea Treaty by the end of the year.

I remember the context of these discussions. It is clear to me that the impudent behaviour of the foreign minister did Australia no good. In fact, I would argue most strongly that it was against Australia's interests for the Minister for Foreign Affairs to be so belligerent and aggressive to the Prime Minister of a country to our near north. It is not in Australia's national interest whatsoever, yet we have a member for Solomon and others on the other side of the chamber saying that this sort of behaviour is acceptable. In my book, it is not acceptable.

It is interesting to note that, when asked about it, the Minister for Foreign Affairs said at the time that he was not prepared to comment, saying simply, 'It is not worth commenting on.' It is worth commenting on because, as any of us who have been involved in sitting across the table in negotiations know, if you go and insult, abuse and impugn the motives of the negotiators—in this case a prime minister—what sort of reaction do you expect it would have within the workings of those negotiations?

I am told that, at one point, Dr Alkatiri responded and was compelled to tell the minister, who had clearly lost his head: 'Don't get upset. Please speak calmly on this issue.' I hope to goodness that this is not the way that the Minister for Foreign Affairs normally carries out his negotiations and discussions with other nations. I bet it is not the way he operates when he is talking to our friends in the United States. I bet he does not abuse them and act belligerently. I bet he does not, because he would be given very short shrift. He sees that, somehow or another, because we have a very poor country to our near north that is reliant upon aid—a lot of which comes from Australia—he can abuse people and prime ministers and insult that country. I do not think it is fair and I do not think it is

reasonable. It is in our national interest to ensure that we have a very good working relationship with our members to the north to ensure that we can develop the Timor Sea region cooperatively and that we jointly benefit from the exploitation of these resources.

As the member for Solomon scuttles out of the chamber, let me say that I do not think any service is done to us by individuals who come into this place and try and abuse their rights as members of parliament by accusing other members of parliament of not representing their electorates. I say to you, Mr Deputy Speaker, this is not the sort of behaviour which is appropriate here. And, in my view, it is certainly inappropriate for a person such as the member for Solomon to abuse either me or other members in the way that he has chosen to this morning. I also make the point that there were opportunities for the member for Solomon to advocate as he says he does on behalf of Northern Australia and Darwin in particular, which is his electorate after all, about the interests of Northern Australia in the development of these gas fields. It is clear by the admissions which have been made this morning that he has been very ineffective, and we doubt whether he has at any point made the sorts of assertions that we think should be made about the development of these gas fields in Northern Australia. We think these assertions are important.

We are pleased to be able to support this legislation, provided we get answers to the questions that have properly been asked by the member for Hunter. We are concerned about the undue haste with which we are supposed to deal with these bills and the fact that we have not been able to properly consider them through our party room processes. That is important to us. That is how our democracy works. We get copies of these pieces of legislation, we consider them prop-

erly and we come back with a view that is informed by discussions in our party room. That has not been allowed to happen, because of the undue haste with which this legislation has been brought to us and the rushed manner in which the government wishes both this House and the Senate to deal with it.

We do recognise the importance of settling in good faith the issue of the Timor boundary with East Timor. At the ALP annual conference recently in Sydney, the following motion was passed:

Labor recognises that the people of East Timor have the right to secure, internationally recognised borders with all the neighbouring countries. A future Labor government will negotiate in good faith with the Government of East Timor, in full accordance with international law and all its applications, including the United Nations Convention on the Law of the Sea. In Government, Labor will do all things reasonably practicable to achieve a negotiated settlement within 3-5 years. The conclusion of the maritime boundary should be based on the joint aspirations of both countries.

I would have thought that that was a position which could be unanimously adopted by this chamber—yet it will not be, because there are people in this place who are attempting to play cheapjack politics with this very important issue, which deals with the development of oil and gas fields in the Timor Sea and the relationships with our neighbour East Timor.

Mr HAASE (Kalgoorlie) (10.24 a.m.)—I rise in the House today to strongly support two bills: the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** and the enabling bill, the **Customs Tariff Amendment (Greater Sunrise) Bill 2004**. The unitisation agreement, signed a year ago, establishes a cooperative relationship between Australia and East Timor to manage the Greater Sunrise petroleum resource in the Timor Sea.

The member for Lingiari asks what benefits there are in this agreement for Australia. May I remind the member for Lingiari that, easily accessed by him in the agreement, article 18 reads:

Australia and East Timor shall take appropriate measures with due regard to occupational health and safety requirements, efficient operations and good oilfield practice to ensure that preference is given in employment and training in the unit area to nationals or permanent residents of Australia and East Timor.

Let there be no doubt that the articles of the agreement quite clearly provide benefits for Australia and Australians.

The Greater Sunrise oilfield straddles Australia's boundary and the joint petroleum development area, which is jointly administered by Australia and East Timor as part of the Timor Sea Treaty between our two countries. In effect, this agreement enables the resource to be developed as a single oilfield, even though geologically it comprises two separate fields: the Greater Sunrise and Troubadour petroleum reserves. Without unitisation and the creation of the Greater Sunrise field, the extraction of petroleum is inefficient and the resource ownership is uncertain, providing little incentive for companies to put forward capital for new ventures. The unitisation agreement effectively provides for the joint administration of the petroleum field by Australia and East Timor, making it a fair and equitable arrangement between the two countries. These two bills are necessary to provide a degree of certainty and assurance for resource companies operating in what is, at present, a zone of unclear ownership boundaries. We need laws in place to create a definitive outline for the Greater Sunrise field, so that proponents of extraction projects can proceed in confidence with activities, with things such as safety and the environment to be managed consistently across the entire area.

The Customs Tariff Amendment (Greater Sunrise) Bill 2004 proposes to add a new concessional item—that is, 22A to schedule 4 of the Customs Tariff Act 1995. It will provide for the duty-free entry of goods and equipment for use in petroleum related activities in the Eastern Greater Sunrise area. The Department of Industry, Tourism and Resources will administer the concession, and the Australian Customs Service will administer control over the entry of all goods and equipment for this area. The customs tariff amendment bill gives effect to the Greater Sunrise unitisation agreement, and will benefit both Australia and East Timor by enabling equipment vital to the resources industry to enter the Greater Sunrise field without the burden of duty taxes. This will keep excessive costs to petroleum companies at a minimum and encourage greater activity in the area.

The Customs Tariff Amendment (Greater Sunrise) Bill 2004, together with the Greater Sunrise Unitisation Agreement Implementation Bill 2004, proposes legislation that will benefit the Australian government, the government of East Timor, the companies developing the petroleum resource and, ultimately, the Australian people through more jobs and a stronger economy. The development of the Greater Sunrise petroleum resource is expected to yield Australia \$8.5 billion in revenue over the life of the project. The proposed legislation means security and economic assurance for resource developers in the area, plus a fairer trade relationship between Australia and her northern neighbour. These bills include arrangements to ensure that Australia, as the administrator in the Australian jurisdiction, and the Timor Sea designated authority, as the administrator in the joint petroleum development area, will work closely together to minimise unnecessary compliance and administrative burdens. A key feature of the legislation is that the Common-

wealth minister will be responsible for the Australian administration, rather than the Northern Territory minister, as would normally be the case. This is logical and appropriate given the international size and scope involved. Normal day-to-day administration, however, will continue to be managed by the Northern Territory, as it is at present.

The legislation also includes items designed to meet other aspects of Australia's obligations under the Greater Sunrise unitisation agreement. Amongst other things, it addresses the need to ensure a free flow of information between administrative bodies and the right of East Timorese inspectors to enter an area of Australian jurisdiction in order to satisfy themselves that East Timor's fundamental interests are being met. This will be accomplished by applying fair and relevant Australian legislation and regulations over the entire area of the Greater Sunrise oilfield.

Australia will also ensure that community concerns, including those relating to occupational health and safety, are met by all parties involved. This is truly a fair trade agreement and one that will greatly benefit Australia and East Timor in a very real economic sense. It is all very well to have a treaty in place to provide a framework for the exploration and development of the petroleum resources of the joint petroleum development area, but real runs on the board occur when that framework is given substance. The agreement by East Timor and Australia to develop the petroleum resources of Greater Sunrise as a single unit speaks volumes for the ability of two nations to cooperate for mutual benefit.

Under the Timor Sea Treaty, Australia has agreed that East Timor should receive 90 per cent of the benefits of the petroleum resources in the joint petroleum development area. Timor Sea revenues will flow to East Timor forthwith, with the commencement of

production of the liquids phase of the Bayu-Undan discovery. But additional revenue streams are needed. The Greater Sunrise agreement recognises that 20 per cent of the Greater Sunrise petroleum resources lie outside Australian jurisdiction and within an area where Australia and East Timor have agreed to share jurisdiction pending permanent boundary delineations. Cooperation will enable both nations to benefit from the resource. Neither Australia nor East Timor can afford to sterilise opportunities for growth and investment. As the member for a resource rich electorate located within a state renowned for its onshore and offshore resources, I can commend resource development as a sure path to progress.

East Timor is a nation of almost 800,000 people. It is the world's newest nation and newest democracy. It has a subsistence economy that is going to be transformed by its resource wealth. Australia has a comprehensive program of assistance in place for East Timor in areas such as governance, rural development, health, water and sanitation. Australia's overall objectives in assisting East Timor are to reduce poverty and to help lay the foundations for a stable, effective and democratically accountable government. Prudent and sustainable management of the anticipated Timor Sea oil and gas revenues is going to underwrite East Timor's growth.

I have seen first-hand how such development can assist regional development. The export of gas in the form of liquefied natural gas from the North West Shelf project has already delivered significant benefits to Australia in the form of investment, exports, jobs and revenue. It has also delivered particular benefits to the people of my electorate in the form of jobs on the ground, regional development and optimism about the future. As an Australian, I am proud to say that Woodside, an Australian company, is the operator of both the North West Shelf project and the

Greater Sunrise petroleum project. This bill will benefit Woodside, its employees and its shareholders, many of whom reside in my electorate. It will also benefit the other joint venturers in the project: Shell, ConocoPhillips and Osaka Gas.

Development of Greater Sunrise will also help expand the entire upstream petroleum industry, which is the key to unlocking the massive gas resources that lie off Australia's north-west coast. It is also the key to ensuring that secure, high-paying jobs continue to be available to workers of the north-west, as well as to their children in the future. Australia's LNG industry is on track to expand rapidly over the next few years. The fourth train on the North West Shelf project is nearing completion, a new LNG plant is being constructed near Darwin, Gorgon gas is well on the road to being commercialised and extensive work is being undertaken to develop the remote but massive gas resources that lie in the Outer Browse and Scarborough offshore basins.

The government has worked hard to help Australia's LNG industry grow. Much of this has resulted from it meeting its commitments under the LNG action agenda, which was a collaborative effort between the Commonwealth, the Western Australian and Northern Territory governments and industry. Winning the hotly fought contest to deliver China's first LNG contract is proof that the agenda is bearing fruit. As part of the agenda, a vision of supplying 30 per cent of Asia's LNG needs by 2020 was set. Development of Greater Sunrise will help secure this vision. Most importantly, it will ensure a bright future for those workers and their families who have staked a claim to the growth of this industry of the 21st century. Japan and Korea are already large importers of LNG, China and India are aiming to greatly expand their use of natural gas as an energy source and

across the Pacific the huge US market beckons.

Only last December the resources minister, Ian Macfarlane, led a successful delegation to an LNG summit convened by the US Secretary of Energy, Spencer Abraham, in Washington. Then in January Minister Macfarlane hosted a visit to Australia by Spencer Abraham, which included meetings with representatives of Australia's LNG industry. At these meetings the advantages to the US of using Australian natural gas, including that from Greater Sunrise, were extolled. In keeping with its commitments under the LNG action agenda, the government has acted to remove all obstacles to the development of Australia's LNG industry.

The passage of this bill will represent the removal of a significant obstacle to the development of Australia's LNG industry. But governments can only do so much. In the end it will be the drive, ingenuity and hard work of companies such as Woodside and their employees that will determine the future prosperity of all Australians. As the member for a resource rich electorate located within a state renowned for its onshore and offshore resources, I can commend resource development as a sure path to progress. As I said before, the bill also reinforces Australia's commitment to assist East Timor's growth. Greater Sunrise will provide a revenue stream that will allow East Timor to build the vital social and physical infrastructure needed for its future development. Overall this bill provides certainty and assurance to our growing petroleum industry, which will deliver benefits to all Australians and to all East Timorese. I strongly commend this bill to the House.

Mr ORGAN (Cunningham) (10.36 a.m.)—The introduction of and debate on the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** and the **Customs Tar-**

iff Amendment (Greater Sunrise) Bill 2004 make a mockery of parliamentary debate and treat members of the crossbench with contempt. The shadow minister, the member for Hunter, has told us that the opposition was told about the legislation just last Thursday and that they received a briefing but did not get a copy of the bill until yesterday afternoon. He did better than I did. I only found out about the measures last night and was unable to obtain any information from the government on the bill's content until just before nine o'clock this morning. What a disgraceful abuse of the parliamentary process by this government.

Mr Haase—Change your staff!

Mr ORGAN—The member for Kalgoorlie has just interjected with a comment about changing my staff. Late last night my staff contacted the minister's office seeking information and a copy of the bill, and there was no return call—there was silence. We made every effort to find out information about this bill and the government obviously wanted to keep it secret. There is no doubt about that. It is a disgrace. This reminds me only too clearly of the only contribution I was able to make during the debate on the **Petroleum (Timor Sea Treaty) (Consequential Amendments) Bill** and the **Passenger Movement Charge (Timor Sea Treaty) Amendment Bill**, when they were given similar treatment in March last year. On that occasion I said:

I wish my opposition to the Timor Sea Treaty bills to be recorded, due in part to the haste with which they have been presented to this House and also to the various environmental and other issues which remain outstanding.

To expect anyone to read, analyse and comprehend the Greater Sunrise Unitisation Agreement Implementation Bill 2004 and the Customs Tariff Amendment (Greater Sunrise) Bill 2004 in such a short time and make a meaningful contribution to the debate is a

proposition that would be laughable if it were not such a grossly improper misuse of the forms of this House.

The main bill is 31 pages long, as is the explanatory memorandum. I note that the minister in his second reading speech refers to the fact that the unitisation agreement has been considered by the Joint Standing Committee on Treaties. What he failed to say was that the committee reported last August. Why has it taken the government eight months to act? And what is the rush today? Why is the government trying to ram these bills through all stages, through this House and the other place, today? Could it be that there is some foundation to Oceanic Exploration's \$US30 billion claims that Australia has duded it of its rights to develop oil and gas in the Timor Sea, despite the office of the Minister for Foreign Affairs describing them as fanciful? Doesn't this claim highlight the uncertainty created by not having permanent maritime borders? In the light of this new court action, shouldn't the government commit resources to relevant departments so that permanent boundaries can be agreed to expeditiously?

The office of the Minister for Industry, Tourism and Resources failed to return calls from my staff about this bill, and I have therefore been forced to rely mainly on the Statement of Reasons for Introduction and Passage circulated by authority of the minister. That document refers to the legislation, using slightly different titles to the bills now before us but I believe that they are the same matters. The statement says:

Passage of the Bills in the 2004 Autumn sittings will conclude the Greater Sunrise unitisation issues, preserve Australian interests and provide certainty to petroleum industry and investors.

Greater Sunrise, as we now know from this debate, is a petroleum gas field in the Timor Sea. Members will, I am sure, be aware that unitisation refers to the process by which a

petroleum deposit which lies across an international boundary or the boundary of a contract area is treated as one single unit for the purposes of technical and commercial development and, as far as possible, for regulatory, administrative and fiscal purposes. What a can of worms that is.

I understand that Australia does not have an agreed permanent maritime boundary with East Timor, although we appear to have struck a couple of treaties with that country relating to the Timor Sea and the unitisation of both the Greater Sunrise and Troubadour gas fields. I further understand that East Timor has indicated that it will not sign a unitisation agreement which is inequitable or prejudicial to the location of future maritime boundaries. It has been reported that East Timor is keen to see development begin in the joint petroleum development area defined in the Timor Sea Treaty, because it will receive 90 per cent of the revenues from the area, which accounts for only 18 per cent of the entire Greater Sunrise field. The East Timorese argue that if a median line were drawn between their country and Australia all of Greater Sunrise would belong to them.

It has also been reported that the two governments will meet in Dili next month to begin serious negotiations over a permanent maritime boundary. An East Timorese source told *International Oil Daily* in January this year that once the permanent maritime boundary issue has been settled all interim agreements like the joint petroleum development area will become null and void. The minister glosses over this issue with the bland statement:

The agreement includes a clause which states that its contents are without prejudice to the maritime boundary claims of Australia and East Timor. Discussions with East Timor concerning these claims have commenced.

As I said, it is a can of worms. Australian government officials have apparently told the

East Timor government that they cannot meet monthly to resolve maritime boundaries in the Timor Sea because they have resources for only two meetings a year. Will the government provide adequate resources to relevant departments so that they are able to negotiate permanent maritime boundaries with East Timor within a reasonable period of three to five years? Would this not be consistent with the commitment by Prime Minister John Howard to negotiate 'in good faith' with the government of East Timor to secure permanent boundaries in the Timor Sea?

Since Australia and East Timor signed the international unitisation agreement in March 2003, Australia has unilaterally granted at least two exploration licences in areas of the Timor Sea neighbouring Greater Sunrise: permit NT/P65 on 22 April 2003 and permit NT/P68 on 23 February 2004. Is this in 'good faith'? Is the government aware of its obligation under international law to refrain from unilateral exploitation in areas of overlapping claims? Shouldn't the government refrain from issuing new licences until it can reach an agreement with East Timor on permanent boundaries?

The unseemly haste with which these bills are being rammed through this House would certainly seem to meet the Statement of Reasons for Introduction and Passage section on preserving Australia's interests. The final part of that statement deals with providing certainty to the petroleum industry and investors. Give certainty to the operator Woodside and its joint venture partners Royal Dutch Shell, ConocoPhillips and Osaka Gas? What a joke! History is littered with international fallings out over border disputes, particularly where they involve access to valuable resources. Let us hope the joke is not on us.

In summary, the ramming through of these two bills in this place with such undue haste

is unparliamentary, undemocratic and can only raise one's suspicion that the government has something to hide. In his second reading speech the minister gave no reasons for today's haste and his government's secrecy over this matter. I must once again condemn the government in the strongest terms for such abuse of the parliament. The shadow minister and the member for Lingiari, with their limited access to these bills, have raised serious issues of concern which we in this House should have seen debated more fully here. It is not fanciful to suggest that these bills are being rushed through to put pressure on the government of East Timor. The minister said that such an accusation is fanciful, yet in his second reading speech this morning, he said:

I call on the government of East Timor to expedite its own treaty implementation process.

Pressuring the people of East Timor under the pretext of serving Australia's national interest is just not on. This whole process relies on cooperation with East Timor, not coercion. I therefore cannot support these bills or this process.

Mr ANDREN (Calare) (10.45 a.m.)—I must endorse many of the comments of my colleague the member for Cunningham and say that any bill introduced into this place for immediate debate and passage—particularly, in this case, with the cursory comments that we heard from the minister in what was supposed to be a second reading speech and particularly when details are not circulated to all members—needs to be seriously questioned. I am losing count of the number of times I have begun contributions to a second reading debate in this manner. This is a particularly important issue.

The member for Hunter said that he was outraged at the fact that the opposition were not aware of this until, I think, yesterday. Let me tell the House that the Independents first

learnt of this last night and my staffer Tim Mahony worked well into the wee small hours trying to research and decipher the details of the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#), which is being debated cognately with the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#). The minister presented such a skimpy second reading speech that nothing could be gleaned from it by the broader public, let alone the members of the House, to help in understanding the issues at stake. If there is nothing wrong with the terms of the international unitisation agreement dividing the resources of the controversial Greater Sunrise oilfield, then what is the rush and why this subterfuge?

This bill must go to a committee. Unfortunately it is always a Senate committee to which we are referring these matters, again underlining the need for legislation committees of the House of Representatives. That is one of the democratic black holes in this parliament: again and again we refer legislation to the other house when we, as the representatives of the people—the people's house—should be the ones who give these bills the scrutiny they deserve. This bill must be scrutinised under a procedure other than the treaties process and that procedure must look at some of the issues that I will be raising in the course of making these comments. If it is a fair deal for both parties then why not take the time to give it a proper hearing in the light of day? Perhaps because it is not a fair deal. It is another sad indictment on our relationship with Timor Leste: we have in the main betrayed our small northern neighbour over the years. Just when our servicemen and women had redeemed us for 24 years of silence and betrayal, we go and do it all over again.

Is this abuse of reasonable parliamentary process more to do with a statement of claim lodged by the US based company Oceanic

Explorations and its subsidiary Petrotimor seeking \$US10 billion in damages—an amount that could escalate to \$US30 billion under the US Racketeer Influenced and Corrupt Organisations Act—because its rights to the Timor Sea oilfields, given the 1969 to 1974 exploration work that it did and the arrangements it made with the Portuguese government, had been usurped by the Suharto regime, with Australian collusion, and given to ConocoPhillips? Or is this rushed bill perhaps more to do with getting on with the business of business, as the member for Solomon puts it? Forget the morality of the deal and the rights of the East Timorese.

I believe, however, that in relation to the Timor Gap Treaty and, more specifically, the IUA relating to the Greater Sunrise oilfields, we have pursued our so-called national interest in this area far beyond the definition of this term and on an extremely dubious basis. If we have nothing to hide—no case to answer in the delimitation of boundaries between Australia and East Timor and, by the same argument, with Indonesia—why do we withdraw our acceptance of the International Court of Justice's jurisdiction on maritime boundary issues? Essentially we should not be debating this IUA; we should be debating the delimitation of our maritime borders with East Timor under established international practice and conventions. This would negate the need for the IUA as the oilfield in question would be wholly within East Timorese territory.

Last year the Timor Sea Treaty was debated—if we can call it that—under similar circumstances, interestingly enough. I recorded my opposition to the terms of the treaty but was prepared to see it pass without delay as the East Timorese nation was in dire need of its share of the revenue due to it from the Bayu-Undan oilfield within the JPDA. Any delay to the passage of that bill would have delayed its access to this revenue

share. At the time Timor was wholly reliant on dwindling foreign aid funds and was very much over a diplomatic barrel, so to speak, when it came down to agreeing to the terms of the treaty. This IUA is very much a product of the same process. The IUA sets out the terms for the exploitation of the Greater Sunrise oilfield—as this field is to be considered a single unit area although it straddles two boundary areas, however questionable those boundaries may be. The IUA was signed on 6 March 2003 and is required to be ratified by the parliaments of both Australia and East Timor and this debate is now, I suppose, what passes for the ratification of international treaties in this place.

The agreement as it stands provides for the distribution of revenue from the Greater Sunrise oilfield under the terms of the Timor Sea Treaty. The IUA is required as this oilfield straddles that joint petroleum development area and what is deemed to be Australian maritime territory under current arrangements. Twenty per cent of Greater Sunrise is within this joint area. It is worth noting here that the limits of the JPDA are the same as those negotiated between Indonesia and Australia in the 1989 Timor Sea Treaty, which gave further credence to Indonesia's illegal occupation of East Timor in return for Timor Sea oil and gas. At least the sharing arrangements are improved for East Timor compared to what they were for Indonesia.

The JPDA arrangement provides for 90 per cent of oil and gas revenue to go to East Timor and 10 per cent to Australia. The end result of this, when applied to the Greater Sunrise situation, is that East Timor will receive 18 per cent of revenue from Greater Sunrise and Australia, 82 per cent. Of course, morally, this whole area is within the legitimate boundaries and borders of the East Timorese nation. In March last year, the Treasurer estimated the gross value of the Sunrise oilfield to be between \$30 billion

and \$40 billion over its lifetime. Australia's share of this could be anywhere between \$24.6 billion and \$32.8 billion and Timor's share between \$5.4 billion and \$7.2 billion. This is without including revenue from taxes.

We need to consider that, if the maritime border between our two countries were to be negotiated in accordance with accepted international practice—which the Australian government has seemingly refused to do, despite its commitment to negotiate a permanent boundary in November 2002—Greater Sunrise would lie wholly, as I said, within East Timor's territory. So we are doing very well at Timor's expense—30 billion reasons for Australia to avoid finalising its maritime borders with East Timor and 30 billion reasons for Timor to get us to the table to do so.

The one thing that I am happy with in this whole process is that this agreement and the Timor Sea Treaty will not prejudice the delimitation of a maritime border between the two countries, but the oil could well have run out before we get to that point. As I said last year on the Timor Sea Treaty bill, international independent experts in maritime law advised that Greater Sunrise to the east of JPDA, as well as the Laminaria-Corallina field, just outside the western boundary, should fall within East Timor's boundaries.

I want to record in *Hansard* some comments from a source other than the explanatory memorandum to this bill—a source that I believe is a far more objective assessment. The source is the *La'o Hamutuk Bulletin* of the East Timor Institute for Reconstruction Monitoring and Analysis. Amongst various comments it makes on the historical background of the Timor Sea, it says:

Indonesia invaded East Timor three years later—
that is, three years after 1972.

In 1979, Australia and Indonesia began negotiations which led the 1989 Timor Gap Treaty dividing the seabed resources in the "Gap," giving Australia the largest share in return for Australia's recognition of Indonesia's illegal annexation of East Timor. Rather than complete the boundary line, the Treaty defined a Zone of Corporation (ZOC). Within the ZOC's central Area A, resources would be shared equally between Australia and Indonesia.

Further on, the article says:

None of the discussions between UNTAET and Australia—

that is, post May 2002—

covered areas outside the ZOC/JPDA, which has allowed Australia to continue to develop seabed resources that should rightfully belong to East Timor. Although the Timor Sea Treaty and other agreements say they are "without prejudice" to a future maritime boundary settlement (and they become null and void once boundaries are agreed to), there is no incentive for Australia to settle the boundaries, which could end its lucrative maritime occupation, until all the petroleum has been extracted.

It also says:

Under the Timor Sea Treaty ...

Under the International Unitization Agreement

...

Together, the two agreements transfer nearly two billion BOE—

that is, barrels of oil equivalent—

from East Timor to Australia, resulting in East Timor's losing approximately 59% of its petroleum reserves. Although not shown in the table—

that is, the table in the document—

Australia has more than four times as much as the total Timor Sea petroleum reserves in other areas.

And here we go: an example of our foreign minister as a world statesman negotiating with the Prime Minister of another country in the most condescending and patronising manner, worthy of the Raj in India. In another article in the *La'o Hamutuk Bulletin*, he says to Prime Minister Alkatiri:

To call us a big bully is a grotesque simplification of Australia. We had a cosy economic agreement with Indonesia; we bailed East Timor out with no economic benefit. Our relationship is crucially important, particularly for you, East Timor. The two countries you can count on the most are Portugal and Australia. ... On principle we are surprisingly inflexible. ... We are very tough. We will not care if you give information to the media. Let me give you a tutorial in politics—not a chance.

It makes the mind boggle what he says to the US Secretary of State. It is terrifying stuff. The article in the *La'o Hamutuk Bulletin* goes on to say:

The pipeline and the LNG plant projects will greatly benefit Australia's Northern Territory economy, but hardly any of the money spent on downstream construction and processing, or the resulting taxes, will come to East Timor.

Another article says:

If a permanent maritime boundary is eventually agreed to, the Timor Sea Treaty becomes obsolete, and both countries will "reconsider" the Sunrise IUA, although the oil companies' contracts will not change, except for how their payments are allocated to each country. If no boundary settlement is reached, the IUA remains in effect forever and the Timor Sea Treaty lasts for 30 years, by which time most Timor Sea petroleum will have been exhausted.

It goes on to say:

East Timor, on the other hand, is in no hurry to ratify the agreement—

unlike this parliament—

The Dili Government has not yet sent it to Parliament, and could postpone this process to encourage Australia to discuss maritime boundaries. Even after the agreement is ratified, East Timor can still use its majority control of the Designated Authority which governs the JPDA, to prevent Sunrise development.

Another article in the *La'o Hamutuk Bulletin* says:

Since East Timor's independence, Australia's government has refused to discuss the maritime boundary. In fact, Australia has been unfriendly,

blackmailing East Timor on the Timor Sea Treaty. In March 2002, before the Timor Sea Treaty was signed, Australia withdrew from the mechanisms of the International Court of Justice (ICJ) and the UNCLOS Tribunal for impartial arbitration of maritime boundaries.

... ..

Unfortunately, Australia places its own economic prosperity ahead of concerns for its poorer neighbor.

On the basis of all that, I cannot in all conscience support such a policy. We should negotiate the border first, then the oil use treaties. It is as simple as that. This deal needs far more scrutiny and, quite obviously, I oppose it at this point.

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.00 a.m.)—in reply—I would like to thank all honourable members for their contributions to this debate. I note the comments from the members of the opposition who have supported the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#). Their contributions to the debate have been interesting, to say the least. I am heartened by the support they have given to the legislation, but I am alarmed by the continuation of the Labor Party antibusiness comments made by both the shadow resources spokesman and the member for Lingiari. Of course, the resources sector is well aware that a Labor government will increase taxes to the resources sector. We are already aware that they have put quite firmly on the agenda a \$500 million increase in the taxes that the resources sector will have to pay in diesel fuel excise, but what we have heard this morning is an escalation of that antibusiness rhetoric, where the spokesman on resources has put in jeopardy one of the basic tenets of resource development in Australia—that is, the title to those resources which are discovered.

We have a process in place which protects the Australian people from resources being left to waste. It is a process which involves the state ministers and has their full support. Labor ministers in those states support the existing process. The reality is that the opposition are trying to introduce a process which will drive exploration out of Australia, because the one basic tenet that companies need before they start is to know that what they find they can develop.

Mr Snowdon—No-one's arguing that.

Mr IAN MACFARLANE—The member for Lingiari says, 'No-one's arguing that.' The reality is that the resources spokesman for the opposition is saying to companies that he will reserve the right to strip them of their leases if, in his opinion, they are not doing what he wants them to do. This is a very dangerous move on the part of the opposition. Some of the other comments that were made by both him and the member for Lingiari simply highlight that they have absolutely no understanding of what goes on in the resources sector. If they understood what was going on in the resources sector, they would not be asking why this bill is being expedited through the House and through the Senate.

Mr Organ—Why is it?

Mr IAN MACFARLANE—I am happy to come to that. Obviously those on the other side of this House spend a great deal of time paying no attention to developments in the resources sector, but I would have thought that at least the shadow spokesman would have understood from the Woodside function last night that there are some exciting prospects for LNG. There is a window of opportunity to see these Sunrise resources developed, and that window of opportunity requires the certainty of this legislation being passed. If we want to take our time in passing this legislation—if we want to take the

risk that this legislation is not through by the next election and that it sits in the House—

Mr Snowden interjecting—

Mr IAN MACFARLANE—Commercial opportunities for developments by companies in this area are here and now.

Mr Snowden interjecting—

Mr IAN MACFARLANE—Those opposite can interject all they like, the reality is—

Mr Snowden interjecting—

The DEPUTY SPEAKER (Hon. B.C. Scott)—The member for Lingiari will refrain from interjecting.

Mr IAN MACFARLANE—The resources companies are saying that they need the certainty of the passage of this legislation to advance their negotiations. The East Timorese are saying that they want to see this resource developed. That means that we need to move forward without the pontification, procrastination and threats to the resources sector that we are hearing from those opposite.

I was asked by the shadow spokesman in his contribution about the reasons for the amendment to the customs schedule in proposed item 22A, as set out in the [Customs Tariff Amendment \(Greater Sunrise\) Bill 2004](#). In answer to that, it is known to those who follow the issue that the legislation cannot go beyond the unitisation agreement of East Timor, strongly supported by the duty-free entry. East Timor has strongly supported the duty-free entry to facilitate this development. Those are their words, not ours. We cannot, in all reality, go back and renegotiate this agreement. Even if we did, East Timor's position would be exactly the same—that is, they see the imposition of duty on goods relating to the development of this field as a disincentive, and they have asked for duty-free entry. That is the reality. The tariff exemption is in keeping with ensuring the best

opportunity for the development to occur in Greater Sunrise, and it is a view strongly promoted and supported by the East Timorese government.

The legislation implements an agreement between Australia and East Timor to develop and commercialise the Sunrise and Troubadour petroleum fields in the Timor Sea as a single unit. These fields, known as the Greater Sunrise petroleum resource, straddle the border between the joint petroleum development area established by the Timor Sea Treaty and an area of Australian jurisdiction. Putting in place the legislative framework for the unit development of Greater Sunrise will contribute significantly to investor certainty—and investor certainty, as you and I both know, Mr Deputy Speaker, is a necessary precondition for the development of any resource, particularly this one.

Development of the Greater Sunrise field will provide substantial benefits to both Australia and East Timor. From development will flow investment, exports, employment and revenue. It can also be expected to enhance the Timor Sea as a destination for exploration activity, to the benefit of both nations but particularly East Timor. I am particularly pleased to note that the economic development of the Northern Territory will also be greatly assisted by the development of Greater Sunrise. This year sees the first phase of petroleum production from the Bayu-Undan field, in the Joint Petroleum Development Area. Further development of that project, which includes the construction of an LNG plant near Darwin, together with Greater Sunrise, will consolidate Darwin's position as a major oil and gas centre. This government has made economic development in the Territory a high priority, as demonstrated by its support for the Alice Springs-Darwin railway—which I note the Leader of the Opposition has now changed his mind about and supports.

The credentials of Australia and East Timor to act in cooperation were established with the ratification of the Timor Sea Treaty, which governs the development of the resources of the Joint Petroleum Development Area. The Greater Sunrise unitisation agreement being implemented by this bill consolidates these credentials. Maritime boundary discussions are in progress between Australia and East Timor, but nothing in the Greater Sunrise unitisation agreement or this implementation bill allows either nation to use this agreement to support its boundary claims, contrary to what some on the other side of the House have just said. These two issues are very separate.

The Australian government is pleased to honour its agreement with East Timor by making legislative provisions for the agreement's implementation. The government looks forward to ratifying the agreement when East Timor's implementation measures are also in place. The bill to implement the unitisation of the Greater Sunrise resource brings closer the day when Australia and East Timor can announce the expected commencement of petroleum production in the Greater Sunrise field. I thank honourable members for their support of this bill, and I commend the bill to the House.

The DEPUTY SPEAKER (Hon. B.C. Scott)—The question is that the bill be now read a second time.

A division having been called and the bells having been rung—

The DEPUTY SPEAKER—As there are only four members on the side for the noes, I declare the division resolved in the affirmative, under standing order 204. The names of those members who are in the minority will be recorded in the *Votes and Proceedings*.

Question agreed to, Mr Andren, Mr Katter, Mr Organ and Mr Windsor dissenting.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr FITZGIBBON (Hunter) (11.15 a.m.)—The opposition somewhat reluctantly decided to keep to its commitment to allow the passage of the **Greater Sunrise Unitisation Agreement Implementation Bill 2004** through this House. We did so with no comfort but, as I indicated during my contribution in the second reading debate, we will be reserving our right to take a closer look at the provisions of this bill in the Senate. I can reinforce that now, because I asked the minister responsible for this bill, the Minister for Industry, Tourism and Resources, who is at the table, to answer two very simple and basic questions. The first question sought an explanation of why it was so urgent to put this bill through both the House of Representatives and the Senate in one day. I gave a lot of background covering the way in which the bill has been brought to the opposition's attention. I note the complaints of the minor parties, who were indeed far worse off than the opposition, which was first notified of the bill last Thursday. They only got notification of the bill this morning, just before nine o'clock. How are those people on the crossbenches supposed to be able to properly consider such a complex issue in such a short time?

The two basic questions I put to the minister were designed to allow the opposition to facilitate the passage of this bill through the Senate. But the requirement was that those questions be answered adequately and fully. The first one was about the need to rush the bills through the House. I thought I was going to have to say that we did not get an answer to that question, but we did get an answer to the question. The minister told the House that the facilitation of the bills through both houses on this day was in order to ensure that the investment and the re-

source project were not put at risk. Unfortunately, that is code for: 'The opposition and the minor parties were right.' It is code for: 'Yes, we are bullying the East Timorese people.' This is code for saying that we need to facilitate this bill through both houses today in order to apply maximum possible pressure to the parliament of Timor Leste to ratify this unitisation agreement. That being the case, the opposition is far from comfortable.

The second question I put to the minister related to the provision of the treaty which gives exemption from customs duty in the Greater Sunrise field. The minister did attempt to address the question, but all he told us was that this is a normal thing to do, that this is the traditional—

Mr Ian Macfarlane—That's not what I said.

Mr FITZGIBBON—I apologise to the minister if, when paraphrasing him, I am not absolutely accurate. But basically what he said was that this is a normal thing to do in these circumstances. He did make the point that it had the support of the people of East Timor. But what he did not address was the other important component of my inquiry, which was about the absence of the trip-wire. As I said in my contribution in the second reading debate, I understand that it is not abnormal to grant customs duty exemption for offshore projects such as Greater Sunrise, but it is normal to have in place a trip-wire which requires the venture partners to inquire into the availability of those goods and services on the Australian mainland first. He completely ignored that part of the question. Therefore the opposition has no choice but to assume that he cannot answer that question. That only reinforces our concerns.

On that basis, the opposition, having kept its commitment to allow passage of the bill through the House and, indeed, having fulfilled its commitment to facilitate the pas-

sage of the bill through the House, is left with no choice but to make further inquiries in the Senate on that point. We will leave open the possibility or the option of referring the matter to a Senate legislation committee to see whether we can tease out the fine details, because the opposition is not comfortable with a proposal by the government, at the behest of the venture partners in the Greater Sunrise project, to bully the people of Timor Leste into making an earlier than practical decision on this point. (*Extension of time granted*) Nor are we comfortable with the minister's failure to adequately answer a question which goes very much to national interest and whether the Australian community will have the benefit which potentially derives from the Greater Sunrise field maximised by ensuring that goods are sourced from the Australian mainland wherever possible. As I said in my contribution in the second reading debate, these are not insubstantial goods and services; they amount to quite a deal of money.

In their contributions, the Minister for Industry, Tourism and Resources and the member for Solomon both sought to bring into the debate some criticisms of comments I have made on a number of occasions with respect to the Petroleum (Submerged Lands) Act and the regulatory regime we have for offshore licences. The minister noted the fact that I made these comments again today in the *Australian Financial Review*. I stand by those comments. I think they get the balance absolutely right between Australia's national interest, in terms of the proper exploitation of community owned resources, and putting in place an environment conducive to investment, the growth of the Australian economy and the growth of Australian jobs.

The member for Solomon in particular railed against these comments that I have made on a number of occasions. But I would like to refer the member for Solomon to the

report of the House of Representatives Standing Committee on Industry and Resources entitled *Exploring: Australia's future*. In particular, I would refer him to recommendation 4 at dot point 2, which says:

Holders of retention leases under the Petroleum (Submerged Lands) Act 1967 applying for re-issue of those retention leases, show cause why those retention leases should not be made contestable after expiry of the first five years of tenure, and any subsequent five years of tenure.

I want to point out to the member for Solomon and, indeed, all members of this House and beyond that this recommendation from the House of Representatives Standing Committee on Industry and Resources was unanimous.

Mr Snowdon—Who is on the committee?

Mr FITZGIBBON—The member for Lingiari, anticipating where I am going with this, asks me who is on the committee. It will come as a surprise to many in the House that one of those members is the member for Solomon. So the member for Solomon chooses to come in here and criticise me for my view on the potential for the current regulatory regime to be exploited and abused at the expense of the Australian community, yet he is a signatory to the unanimous recommendations of the industry committee. It must be an embarrassment for the minister sitting at the table to have so many of his backbenchers on that committee. I see on the committee the member for Fairfax along with Mr Thompson, Mr Ticehurst and Mr Tollner. The member for Kalgoorlie, who was also in here making a contribution to the debate and railing against the opposition's position on these things, is also a member of that committee. So here we have people with a bout of schizophrenia, saying one thing on the committee and then being prepared to come in here and criticise the opposition's view on these matters.

On all of these matters the government can be sure of one thing—that is, we will get the balance right. We will get the balance just right between maximising Australia's interests in the potential gain or dividend from Australia's natural resources and considering the company's interests to ensure that, on every occasion, the national interest will be maximised rather than only the interests of the major oil companies.

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.25 a.m.)—Can I just say again in conclusion, with regard to the comments of the resource spokesman for the opposition, that it is the quite clear wish—and I read from the brief that I have—that there be no trip-wire, as he terms it, on duty-free entry. It is the strong view of the Timorese government that that be the case.

In terms of expediting the development of this field and the reality of the situation, the Australian government saw that, on balance, this was no disadvantage to Australian companies. In fact, it provided an excellent opportunity for Australian companies to participate in this process, as I am sure they will. I reiterate that this clause is strongly promoted and supported by the East Timorese government. For that reason it is in the Greater Sunrise unitisation agreement. We would otherwise have to go back and renegotiate the treaty. And were we to go back and renegotiate the treaty, there is no certainty in this process that this field would ever be developed. We have a situation that is supported by both governments in terms of this legislation and this agreement and we should proceed on that basis rather than jump at shadows.

Mr FITZGIBBON (Hunter) (11.26 a.m.)—I will be brief. The minister at the table, the Minister for Industry, Tourism and Resources, expects us to take on face value

the claim that the absence of a trip-wire does not in any way undermine the opportunity for Australian suppliers and producers to participate in this project. I think we need some time to confirm that. That is why we will be taking a closer look at the issue when the [Greater Sunrise Unitisation Agreement Implementation Bill 2004](#) comes before the Senate, I understand, later this day.

I find it rather bizarre that the minister's argument with respect to the absence of a trip-wire is that this is in the interests of the East Timorese people. He has confirmed for us this morning that the whole idea of facilitating this bill through both the House and the Senate in one day and the whole idea of forcing or requesting the opposition to circumvent all of its usual party processes is to put additional pressure on the East Timorese people—in other words, to bully the East Timorese people at the request of the major oil companies. Yet he wants us to believe that the only reason there is an absence of a trip-wire is for the benefit of the East Timorese people. That is counterintuitive. I have difficulty coming to terms with that. I do not believe that our questions have been adequately answered.

The dilemma remains for the opposition. We understand that the customs duty exemption is part of the treaty and to fix it now would mean renegotiating the treaty. That is a disaster. I wish the opposition had picked up that clause earlier. I wish JSCOT had brought that provision to the attention of the parliament. But I have no hesitation in standing here today and saying that we missed it when JSCOT, in all of its inquiries, also missed it. I make the point again: these things are always thrown on us at the last moment. We do not get enough time. We are not allocated a reasonable amount of time to study these things properly. I made the point during my contribution to the second reading debate that this clause came to my attention

only when we realised or when we were informed that the package of bills that was going before the House today included an amendment to the Customs Act. We obviously asked ourselves, understandably, why we needed to be amending the Customs Act. That caused us to go again to the fine detail and discover this development. I am not embarrassed about that at all; I am not embarrassed that we had not picked that up earlier.

But I am sure about one thing: the government, by not being transparent about this earlier, has caused this problem. The government has, by not entering into a deal with the East Timorese people that we can be confident gets the balance between our interests and their interests right, got it wrong. We understand that it now has to negotiate the treaty. We do not want to force the issue to the point where we have to go back to the treaty. That would be a disaster. It would be time consuming and would probably start to put the project at risk. We are not asking for that, but we are saying that we will take every opportunity to ensure that we understand properly the implications of this provision before we support it in the Senate.

Mr SNOWDON (Lingiari) (11.30 a.m.)—I wish to briefly concur with the member for Hunter and make the very obvious point that, for those of us who live in Northern Australia, this part of the legislation is most important, as I am sure the minister appreciates. We want to make sure that we maximise the benefits to our local economy as a result of these developments whether, at the end of the day, they are onshore or offshore. As we have previously stressed, we want these developments to be onshore—and I have not seen any evidence of that happening. The Northern Territory government has been at the vanguard of these discussions about the development of the fields, advocating most forcefully to the joint venture partners that they pipe this gas to the mainland

so it can be dealt with onshore. That will maximise the economic and other benefits to the Northern Territory and, indeed, Australia.

Perhaps the minister could just tell us what the occurrence is that requires us to deal with this in less than 24 hours. This could have been done in October or November last year or in February. Why are we doing it today and why are we doing it in 24 hours? There has been no explanation. In some way or other there is a commercial interest which will only be properly dealt with and met if we expedite these processes and deal with this today. We heard from the Independent members that they only got copies of this legislation this morning. Just answer the question—

Mr Ian Macfarlane—I have.

Mr SNOWDON—No, you have not. You made some vague reference to commercial interests.

Mr Ian Macfarlane—Do you want me to explain the commercial reality?

Mr SNOWDON—I know what the commercial realities are.

The DEPUTY SPEAKER (Mr Lindsay)—Members will address their remarks through the chair.

Mr SNOWDON—What are the incidents causing us to deal with this in 24 hours? You must be able to explain to us and the parliament what you are expecting us to do and why you are expecting us to do it. As I said, we are reluctant to impede this process, because we understand the economic and development imperatives, but we have a right to understand what the government is on about. Frankly, I am not convinced, and I know the shadow minister is not convinced, of the reason we need to expedite this process today.

Mr FITZGIBBON (Hunter) (11.33 a.m.)—I will be brief. Earlier in the debate I

made reference to members of the government backbench who were in here criticising me for expressing views about the regulatory regime that deals with offshore leases and to the fact that those people had been party to a unanimous report by a parliamentary committee. When naming those members, I suggested that the member for Fairfax was a member of that committee. Indeed he was, but only until 25 June 2002, prior to the inquiry held by the committee. I apologise for putting him in the same bucket as those hypocrites who were in here earlier saying one thing but who said another thing on the committee.

Question agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.34 a.m.)—by leave—I move:

That this bill be now read a third time.

Question agreed to.

Bill read a third time.

CUSTOMS TARIFF AMENDMENT (GREATER SUNRISE) BILL 2004

Second Reading

Debate resumed.

Question agreed to.

Bill read a second time.

Consideration in Detail

Bill—by leave—taken as a whole.

Mr FITZGIBBON (Hunter) (11.36 a.m.)—It is not my intention to delay the House any longer; I simply sought the opportunity to make a contribution in the consideration in detail stage of the **Customs Tariff Amendment (Greater Sunrise) Bill 2004** to draw attention to the clause which is causing the opposition most concern. I thought it appropriate that that be recorded in *Hansard*.

Bill agreed to.

Third Reading

Mr IAN MACFARLANE (Groom—Minister for Industry, Tourism and Resources) (11.37 a.m.)—by leave—I move:

That this bill be now read a third time

Question agreed to.

Bill read a third time.

**TELECOMMUNICATIONS
(INTERCEPTION) AMENDMENT
BILL 2004**

Second Reading

Debate resumed from 19 February, on motion by **Mr Ruddock**:

That this bill be now read a second time.

Mr McCLELLAND (Barton) (11.38 a.m.)—The opposition will be supporting the second reading of the **Telecommunications (Interception) Amendment Bill 2004** in the House, subject to one matter that I will mention in respect of the Senate proceedings. I can indicate that the opposition supports the principles of the bill. I note that a number of the bill's provisions—the ones that are of particular concern—are those dealing with newer forms of communication, such as email and SMS transmissions—have been redrafted by the government since they were first introduced into the parliament in 2002. We have referred those provisions to the Senate Legal and Constitutional Legislation Committee to ensure that previous concerns identified by that committee have been addressed in the redrafted amendments, and we thank the government for cooperating in that further consideration by the committee.

Because telecommunications interception is an intrusive and in some ways extraordinary form of investigation it is important to place these proposals in context. The first statutory prohibition on telecommunications interception in Australia was enacted by the Menzies government in 1960 in the form of the **Telephonic Communications Act**. That

act prohibited telephone interception except for national security reasons or technical purposes or to trace unlawful calls, such as nuisance calls. Under that act, there was no clear statutory authority for telephone interception for general law enforcement purposes. That situation changed with the passing of the **Telecommunications (Interception) Act 1979**, which now enables telecommunications interception warrants to be obtained for security and intelligence and for the investigation of criminal offences. The Director-General of Security may, for instance, apply to the Attorney-General for a warrant for security or intelligence purposes, and the Australian Federal Police, the Australian Crime Commission and a number of state and territory police forces and criminal investigation bodies may also apply to an eligible judge or Administrative Appeals Tribunal member for a warrant for law enforcement purposes.

The offences for which warrants may be sought are divided into class 1 and class 2 offences. As one would expect, class 1 offences contain more serious offences than those in class 2. For example, class 1 offences include kidnapping, narcotics offences and, significantly, terrorism. Among class 2 offences are offences punishable by imprisonment of at least seven years involving loss of life, serious personal injury or danger to persons and serious damage to property, as well as serious offences including theft, tax evasion and extortion that involve substantial planning and organisation, sophisticated techniques and possibly two or more offenders. Because class 2 offences, while serious, can be viewed as less serious than those in class 1, a wider range of circumstances must be taken into account as a safeguard before a warrant is issued in respect of those class 2 offences. The safeguards include having regard to the gravity

~~The Commissioner is currently seeking advice from the Attorney-General's Department about the circumstances in which it would be appropriate not to engage a barrister or solicitor who has previously been made bankrupt, and also about the means by which the Commissioner can obtain reliable information about whether a barrister or solicitor has previously been made bankrupt.~~

~~Corporations & Markets Advisory Committee~~

~~The Corporations and Markets Advisory Committee does not retain the services of any barrister or solicitor.~~

~~National Competition Commission~~

~~The National Competition Council engages barristers and solicitors on the basis of their qualifications and experience, and suitability to represent the Council in the matter concerned. The Council has no specific prohibition against retaining Counsel who have been previously made bankrupt, but it is unlikely that such a person would be considered suitable to represent the Council.~~

~~Superannuation Complaints Tribunal~~

~~All Solicitors/Barristers briefed are checked before we engage them.~~

~~Productivity Commission~~

~~Since 1999 the Productivity Commission has sought legal advice exclusively from the Australian Government Solicitor whose employees are taken as meeting the necessary standards of professionalism. If the Commission has cause to seek advice beyond the Australian Government Solicitor, it would take the necessary steps to satisfy itself as to the professionalism of the legal service provider.~~

~~Finance and Administration and Special Minister of State: Conclusive Certificates~~

~~(Question No. 2922 and 2935)~~

~~**Mr Danby** asked the Minister representing the Minister for Finance and Administration and the Minister representing the Special Minister of State, upon notice, on 10 February 2004:~~

- ~~(1) How many conclusive certificates has the Minister issued under each of sections 33, 33A, and 36 of the Freedom of Information Act 1982 in each of the last six financial years.~~
- ~~(2) In each of the last six financial years, how many appeals against those certificates were (a) lodged with the AAT, (b) successful, and (c) unsuccessful.~~
- ~~(3) What are the case names of all the appeals lodged with the AAT in each of the last six financial years.~~

~~**Mr Costello**—The Minister for Finance and Administration has supplied the following answer to the honourable member's question:~~

- ~~(1) Neither the Special Minister of State nor I have issued any conclusive certificates under sections 33, 33A or 36 of the Freedom of Information Act 1982.~~
- ~~(2) (a), (b) and (c) Not applicable.~~
- ~~(3) Not applicable.~~

East Timor: Oil and Gas Fields

(Question No. 2986)

Ms Hoare asked the Minister for Foreign Affairs, upon notice, on 10 February 2004:

- (1) Is he aware of an article that appeared in *The Guardian* on 14 October 2003 concerning negotiations between Australia and East Timor over the Greater Sunrise gas reserves.

- (2) Did he tell the East Timorese leadership “We don’t have to exploit the resources. They can stay there for 20, 40, 50 years. We are very tough. We will not care if you give information to the media. Let me give you a tutorial in politics – not a chance”.
- (3) Can he explain why he took this attitude to negotiations over the Greater Sunrise gas field.
- (4) Would he deprive East Timor of this source of revenue for 20, 40, or 50 years so the East Timorese would agree.
- (5) Can he provide information on further developments since the Darwin negotiations held on 12 November 2003.

Mr Downer—The answer to the honourable member’s question is as follows:

- (1) Yes.
- (2)-(3) It would be inappropriate to comment on the details of confidential bilateral discussions.
- (4) With the entry into force of the Timor Sea Treaty and the conclusion of an International Unitisation Agreement for Greater Sunrise, there is already in existence a legal framework for developing the petroleum resources of the Timor Sea for the mutual benefit of both East Timor and Australia. The Treaty gives East Timor 90 per cent of production from the Joint Petroleum Development Area (JPDA). Revenues as a result of this distribution will be a major contribution to creating a sound economic base and long-term stability in East Timor.
- (5) Following scoping talks on the maritime boundary delimitation process, formal negotiations are due to commence in April this year.

Defence: Military Awards

(Question No. 3005)

Mr Brendan O’Connor asked the Minister Assisting the Minister for Defence, upon notice, on 11 February 2004:

- (1) ~~Is the Government committed to monitoring the issue of military awards and ensuring that any genuine anomalies brought to its attention are rectified as soon as possible.~~
- (2) ~~Were any anomalies with medal entitlements brought to the Minister’s attention in 2003; if so, what were these anomalies and what was the Government’s response.~~

Mr Brough—The answer to the member’s question is as follows:

- (1) ~~Yes.~~
- (2) ~~No. However, there have been a number of perceived anomalies presented, but none have been yet assessed as genuine anomalies in accordance with existing policy.~~

Veterans: Vietnam

(Question No. 3006)

Mr Brendan O’Connor asked the Minister Assisting the Minister for Defence, upon notice, on 11 February 2004:

- (1) ~~Is the Minister aware that the Nominal Roll of Vietnam Veterans has been extended to be in line with the definition of Warlike Service to include Australian Defence Force (ADF) personnel who served in Vietnam after the signing of the Paris Agreement on 27 January 1973 until the fall of Saigon on 30 April 1975.~~
- (2) ~~Does the Minister intend to extend eligibility for the Vietnam Medal and the Australian Active Service Medal (with clasp “Vietnam”) to those members of TSF Butterworth and Headquarters Richmond Detachment S who, in March and April 1975, operated flights into the active war zone~~